Cyprus C£0.75	Jordan Fils500	Sri Lanka Rup30
Denmark DKr9.00	Kuwait Fils500	Sweden SKr8.00
Egypt E£2.25	Lebanon $L125.00	Switzerland SFr2.20
Finland Fmk7.00	Luxembourg LFr48	Taiwan NT$85
France FFr6.50	Malaysia Rm4.25	Thailand Bt50
Germany DM2.20	Mexico Pes300	Tunisia Din0.800
Greece Dr160	Morocco Dh6.00	Turkey L500
Hong Kong HK$12	Netherlands Fl3.00	UAE Dh6.50
India Rup15	Norway Nkr8.00	USA $1.00

FINANCIAL TIMES

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India's economy: how not to do it, Page 16

World News

Brock plans resignation to join Dole campaign

Mr William Brock, the Reagan Administration's Secretary of Labour, planned to announce that he will resign to become chairman of Senator Robert Dole's Presidential election campaign.

The news was another setback for a Reagan Administration which has been weakened by a stream of departures. Page 18

Reagan address

President Ronald Reagan said in a television address that the tactics used to cripple his nomination of Judge Robert Bork to the US Supreme Court were "an ugly spectacle marred by distortions and innuendos". Earlier story, Page 5

Zaccaro cleared

A New York jury cleared Geraldine Ferraro's husband, John Zaccaro, yesterday of bribery and extortion charges and the 1984 Democratic vice-presidential candidate lashed out at prosecutors for bringing the case. "This never would have happened if I hadn't run for vice-president," said Mrs Ferraro.

Nobel winners

Donald J. Cram and Charles J. Pedersen of the US shared the Nobel Prize in chemistry with French researcher Jean-Marie Lehn. The physics prize went to Georg Bednorz of West Germany and Switzerland's Alex Mueller.

M'Bow lead slips

Amadou Mahtar M'Bow, the Director General of Unesco seeking a further term, was still ahead in the fourth round of voting by the Unesco executive board but his lead slipped two points in favour of Mr Federico Mayor of Spain.

Barschel drugged

Geneva police said sleeping pills and tranquillisers had been found in the stomach of West German politician Uwe Barschel whose body was discovered in a Geneva hotel room on Sunday.

Tigers rebuffed

The Indian Government denounced as propaganda an offer by Sri Lankan Tamil Tigers to resume talks if the Indian Army stopped its advance in the Jaffna peninsula. Page 18

No deal

Italy ruled out the possibility of withdrawing its naval mission from the Gulf in return for the release of three Italian engineers kidnapped by Iraqi Kurds. Page 3

Tariff-free hopes

Mr Alois Mock, Austria's Foreign Minister, said his country wanted full participation in the EC's tariff-free internal market without formally joining the Community. Page 3

Comecon talks end

Prime Ministers from the Soviet-led trade group Comecon ended their meeting in Moscow with little progress towards convertible currency payments within the bloc. Page 3

BHP job losses

Broken Hill Proprietary, Australia's largest company and the country's biggest steel producer, said 3,500 jobs would be lost from three plants. Page 4

Clean sweep

The Canadian Liberal Party secured its second provincial election victory in as many months, winning all 58 seats in New Brunswick to end 17 years of Conservative rule. Page 5

Mexico challenge

Cuauhtemoc Cardenas, leader of the dissident Democratic Current within Mexico's ruling Institutional Revolutionary Party (PRI), announced he would stand for the presidency against Mr Carlos Salinas de Gortari, the regime's candidate. Page 5

Business Summary

Record fall for Wall St stocks

Wall Street stocks suffered their biggest one-day loss ever after another report of a giant deficit in U.S. merchandise trade. The Dow Jones Industrial Average fell 95.46 points to close at 2,412.70, eclipsing the 91 point decline which set a record six trading days earlier. Page 42

FINAL phase of liberalisation of all capital movements within the European Community - due to be presented to EC finance ministers next month - may require important changes to deal with tax evasion and differences in company taxation, the European Commission was told. Page 18

CHEMICAL New York, fourth largest US bank group which includes Chemical Bank and Texas Commerce Bancshares, lost $66.4m or $1.12 a share after tax in third-quarter. Page 19

COPPER resumed its upward trend on the London Metals Exchange to lift the Cash Grade A position by £12 to £1,212 a tonne.

Copper

Cash high grade (£ per tonne)

The three months position gained only £6 to £1,169.75 a tonne. Page 31

LONDON: UK equities were turning easier when the US trade deficit announcement put prices on the slide. The FT-SE 100 Index closed down 27.3 at 2322.9, as the Dow average slumped in early trading. FT Ordinary Index lost 9.4 to 1,834.7. Details, Page 38.

TOKYO: Active buying in demand-related stocks took share prices to a second consecutive record. The Nikkei stock average advanced 245.80 to 26,646.43 in active trading. Page 42

GOLD rose $0.75 on London bullion market to $460.50 and in Zurich to $460.45 ($459.65). Page 31

DOLLAR closed in New York at DM1.805, FFr6.016, SFr1.4955 and Y142.3. It fell in London to DM1.8120 (DM1.8210); to FFr6.0350 (FFr6.0650); to SFr1.5020 (SFr1.5090); and to Y142.65 (Y143.70). On Bank of England figures dollar's exchange rate index fell 0.4 to 100.1. Page 31

STERLING closed in New York at $1.658. It rose in London to $1.6535 ($1.670); but fell to DM2.9950 (DM3.00); to FFr9.98 (FFr9.99); to SFr2.4825 (SFr2.4850); and to Y235.75 (Y236.50). The pound's exchange rate index remained unchanged at 73.3. Page 31

CBS, US media group which is considering an offer of about $2bn for its record business from Sony of Japan, reported sharply higher profits. Page 19

SNCF, French national railway company, is to sell its 11.6 per cent stake in Air Inter, domestic airline, to Air France, which already holds 25 per cent of the company. Page 19

COLGATE-Palmolive, US household products group which is restructuring its businesses, said it will take a $150m charge to earnings in the quarter just ended to account for corporate staff cuts and the closure of manufacturing plants. Page 19

INSTITUTO NACIONAL de Industria, Spain's public-sector holding company, is to place 39 per cent of the equity of Ence, cellulose company, on the Madrid stock exchange in January. Page 19

INTERPUBLIC Group, US global advertising network, is to rationalise a major section of its US-based operations to form a new advertising and communications company.

European banks agree to make cash cards compatible

BY WILLIAM DAWKINS IN BRUSSELS

EUROPE'S top banks have agreed to make their cash and credit cards compatible within the next three years.

The accord involves the 40 banks from 17 countries belonging to the European Council for Payment Systems, a body set up nine years ago by senior bankers concerned by the unco-ordinated development of personal payment systems across Europe. It should allow more than 100m cardholding customers from the banks involved to use services in 15,000 branches in the EC, Scandinavia, Austria and Switzerland.

While independent of the EC, the agreement should have a big impact on the Community's campaign to achieve a genuinely free internal market by 1992. It will initially affect holders of cards displaying the Visa, Eurocard, Mastercard and Eurocheque signs, though the council plans to extend it later to proprietary bank cards not at present linked to the major payment systems.

They will get free access to facilities offered by the other banks belonging to the council, such as over-the-counter cash withdrawal, automatic teller machines, and paper-based and electronic payments in shops and petrol stations. The new system will exclude the top US payment systems most commonly used in Europe such as American Express and Diners Card. Cards, bank branches and retail outlets covered by the reciprocal arrangements will be indentified by a new logo, yet to be agreed on. The banks involved also plan to agree on a common tariff for international transactions.

"Competition between banks will, however, continue to be as intense as ever," claimed a spokesman for the council. "The European Commission is expected to vet the accord to check whether it might contravene EC free competition rules. However, a Commission finance official said it was almost certain to get the green light because of the impetus it would add to Community financial integration.

Shares in UK banks fell sharply yesterday in the wake of Tuesday's statement by Mr Robin Leigh-Pemberton, the Governor of the Bank of England, laying out the new policy on bank ownership. Hardest hit was Midland Bank, which has been at the centre of takeover speculation following the acquisition of a 6 per cent stake by Hanson Trust, and a bid approach from Saatchi and Saatchi, the business services group last month. Page 8

Earlier this year, the Brussels authorities commissioned CEN and CENELEC, the European standards bodies, to work out non-compulsory common standards for magnetic strip payments cards. These are due to be published within the next few months and could form the basis for the payments accord, although the banks have so far refused to commit themselves.

The Commission also plans to publish within the next few weeks a voluntary code of practice suggesting that different automatic point-of-sale terminals should be made as widely compatible as possible.

Yesterday's decision marks a significant step forward in the integration of a Continent-wide payments system, writes David Lascelles in London.

Although all the major card organisations and Eurocheque already make their cards acceptable to machines in other countries, access between the different card systems is still very limited.

Successful completion of the new scheme will give travellers in Europe considerably greater flexibility in obtaining cash abroad. But in the longer term the major significance of this development is that it creates the basis for an international cashless shopping system.

EC offers to scrap tariffs on tropical products

BY WILLIAM DULLFORCE IN GENEVA

THE European Community yesterday offered to eliminate or reduce tariffs and other barriers on imports of tropical products from the Third World.

The offer includes a progressive reduction of taxes on coffee, cocoa and tea, which, according to an EC official, could cost the West German treasury alone as much as DM6bn ($3.3bn) a year in revenue.

EC trade officials said the offer was aimed at ensuring Third World co-operation in the trade-liberalising Uruguay round of the General Agreement on Tariffs and Trade (Gatt). The officials expect to secure reciprocal trade concessions from the main beneficiary countries, particularly the more prosperous developing countries.

The Community proposes to eliminate customs duties on tropical raw materials such as coffee, cocoa, tea, tobacco, rubber, tropical woods, jute and hard fibres.

It will scrap or significantly reduce duties on semi-processed products made from these materials and cut by up to 50 per cent duties on finished products.

Customs duties on fresh or semi-processed tropical fruits and nuts, spices, essential oils and vegetable materials will be eliminated or significantly reduced. Processed tropical farm produce will also face lower duties.

At the non-tariff level, the EC is offering to do away progressively with restrictions such as import quotas on all tropical products, except for fresh bananas.

These measures would affect roughly 7 per cent of EC imports, while the products covered are estimated to provide about 40 per cent of the developing countries' export revenues.

Agreement to table the offer was reached among the 12 EC governments only on Monday, with Bonn holding out longest. West Germany and Denmark are the two countries likely to be most heavily affected.

The EC offer is conditional on other industrialised countries, in particular the US and Japan, and the more advanced developing countries agreeing to "share the burden."

Third World countries which are dominant suppliers of raw materials to world markets are called on to curb measures restricting exports.

World trade in tropical products, and in most cases their prices, have declined appreciably, much to the detriment of Third World export earnings.

Efforts in previous Gatt rounds to give priority to liberalising trade in these products failed conspicuously.

Europe's space project put in doubt by W Germany, France

BY DAVID MARSH IN BONN

THE AMBITIOUS European project to build a manned space shuttle by the mid-1990s has been thrown into doubt by a West German attempt to try to postpone any decision on the venture until the end of the decade.

West German officials say France and West Germany, the two leading nations behind the Hermes project, are close to deciding a postponement, for technological and financial reasons.

To underline its long-term commitment to the space industry, Bonn is also in the final stages of deciding to set up a national space agency, modelled on the US National Aeronautics and Space Administration.

Leaders of the three parties in Bonn's centre-right coalition will meet on November 3 to agree long-term guidelines for the space programme.

The coalition is divided over the priority to be given to space technology in view of intensifying public spending pressures.

But a compromise seems likely to be reached on significantly raising the overall momentum of the West German space effort, while stretching out expenditure burdens over a longer period.

The Cabinet is due to meet on November 4 to take spending decisions on three crucial European space projects planned for development over the next decade: the Ariane 5 space rocket; the Columbus orbiting module, to be built in connection with the US space station; and Hermes.

The projects have been estimated to cost more than DM30bn ($16.46bn), of which West Germany could put up more than one quarter on the basis of present plans.

The cabinet meeting, originally planned to take place next Wednesday, will prepare West Germany's position ahead of the key gathering of European technology ministers in The Hague, starting on November 9, which is scheduled to map out Europe's space programme for the 1990s.

Officials say West Germany is likely to give the go-ahead to both Ariane 5, in which it would take a 22 per cent stake, and Columbus, in which Bonn will be the leading country with a proposed 38 per cent participation.

But the West Germans are pressing for the present design phase of Hermes, currently planned to end next year, to be extended until about 1990.

Hermes, originally planned to fly by 1995-96, has been given considerable French political and industrial backing. On the basis of present thinking in Bonn, it would not now be realised until at least around the turn of the century.

Furthermore, Hermes is now viewed by West German space officials as representing more a means to build up expertise in space technology rather than as a concrete project to build a space vehicle.

This is likely to reinforce French suspicions that Bonn sees Hermes as a stepping stone on the way towards more sophisticated and, ultimately, cheaper methods of space transport through air-breathing space aeroplanes. These are being studied by the UK and West Germany.

Argentina announces new curbs in bid to cut deficit

By Tim Coone in Buenos Aires

PRESIDENT Raul Alfonsin of Argentina yesterday announced a wide-ranging economic package which included a new wage and price freeze, a limited privatisation programme, an end to regulated bank interest rates and the introduction of a two-tier foreign exchange rate system.

The economic package, designed partly to halt accelerating inflation by reducing the country's fiscal deficit by about $2.2bn, is the President's third attempt at stabilising the economy since he launched the Austral plan in 1985.

The measures also include a 15 per cent increase in public sector service tariffs, the reintroduction of "forced saving" on large companies and increases in income, import and property taxes.

The fiscal effect of the measure will be to reduce the deficit by 3.2 per cent of the annual GDP, which currently stands in the region of $70bn.

Unlike the Austral plan, major changes are being introduced in the financial system, by ending regulated interest rates and by legalising unofficial market foreign exchange operations.

In future banks will compete freely for deposits by setting their own interest rates, and foreign exchange transactions will be allowed between individuals, banks and companies without any limitation or intervention by the monetary authorities "at prices freely contracted between the parties."

A "commercial" exchange rate replaces the former "official" rate, and has been set initially at Australs 3.50 to the US dollar, representing a further 11.8 per cent devaluation. Last week the Austral was devalued by 12 per cent.

The parallel market rate, in effect an unofficial floating rate, has been legalised and termed the "financial" market rate. It will be allowed to be used "for the full range of feasible (financial) operations without limitations on the amount."

It is expected that trade transactions will increasingly be allowed to utilise the new floating exchange rate as a means of boosting exports and reducing bureaucratic obstacles to trade.

The country's flagging trade surplus is to be further stimulated through greater incentives to oil exploration, new industrial promotion schemes and by increasing the availability of export credits and the extension of a duty-free temporary import scheme to a wider range of products.

Continued on Page 18

Dollar falls despite better trade figures

BY LIONEL BARBER IN WASHINGTON, RODERICK ORAM IN NEW YORK AND PHILIP STEPHENS IN LONDON

THE US merchandise trade deficit narrowed slightly in August to $15.68bn, the first decline in five months. However, the marginal improvement from $16.47bn in July was below market expectations, prompting a fall in the dollar and Wall Street stock and bond prices.

The Dow Jones Industrial Average suffered a record drop in points terms, closing 95.46 lower at 2,412.7. The Treasury's benchmark 30-year bond dropped 2 points, pushing its yield over 10 per cent for the first time in two years.

Financial markets had hoped that the gap between imports and exports would drop to about $14.5bn. The figures and market reaction reinforced the view that an increase in the Federal Reserve's discount rate from the current 6 per cent was imminent.

Mr Clayton Yeutter, US Trade Representative, was more optimistic.

He said the deficit was still too high, but that it was showing signs of improvement and it would be a mistake for law-makers to yield to protectionism.

In European financial markets, the trade gap was seen as undermining official statements that the dollar had fallen far enough gradually to erode the US deficit.

Traders reported that the US currency fell sharply in an immediate reaction to the latest figures, although the losses were subsequently limited by fears of central bank intervention.

The lack of confidence in the US currency was reinforced by the renewed upturn in West German short-term interest rates yesterday.

Although the increase in the Bundesbank's repurchase rate was relatively small - from 3.75 to 3.85 per cent - it was the third such rise in recent weeks.

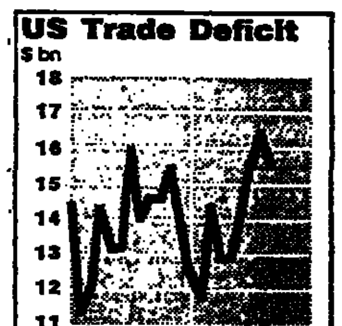
The Bundesbank's gradual tightening of its monetary policy has raised doubts as to the extent to which the dollar will continue to be supported by much higher interest rates in the US than elsewhere.

That in turn has also revived speculation over whether the Federal Reserve will again raise the discount rate to underpin the dollar.

The dollar closed in London at DM1.8120, 0.90 pfennig lower than on Tuesday and 1.5 pfennig below its best level of the day. Against the yen it fell to Y142.65 from Y143.70, while sterling fell to $1.6535 from $1.6470.

On Wall Street, stock prices more than gave up their recent gains. The brief rally on Tuesday afternoon had been the first substantial rise since the Dow Industrial index fell a record 90 points 10 days ago.

US Trade Deficit



The US trade figures revealed a 3.7 per cent decline in exports, falling to $20.2bn, their lowest level since February. Despite the lower dollar, exports of manufactured goods and farm products both slipped in August.

Some economists were scaling back their real third-quarter gross national product forecasts as a result of the drain from trade.

Mr Allen Sinai said he was revising growth forecasts from 3.5 per cent to 3 per cent.

Mr Bruce Smart, a senior Commerce Department official, said that the trade shortfall was narrowing in volume terms, but he suggested that nominal figures were distorting the picture.

"It is apparent that (the deficit) continues on an unacceptably high plateau when expressed in current dollars," he said.

Mr Smart noted that the most recent price indices showed that import prices had jumped 14.5 per cent in the past year, while export prices rose 3.3 per cent.

Oil prices, which had risen $7.36 per barrel or 62 per cent from a year ago, had added $1.8bn to the August deficit, he said.

The August improvement was largely due to a 4.2 per cent drop in imports to $35.9bn, nearly all of it manufactured goods and agricultural products.

The deficit with Japan fell to $4.88bn in August (July: $5.07bn), the lowest figure since January.

Other deficits included Western Europe ($2.5bn), Canada ($900m), Opec ($1.8bn) and Hong Kong ($700m).

West German short-term interest rates, Page 3; Currencies, Page 31; World Stock Markets, Page 39; Wall Street, Page 42

CONTENTS

POLAND'S ECONOMIC GENERATION GAP POSES A DILEMMA

Prime Minister Zbigniew Messner has taken an interest in a radical report, Page 2

David Marsh in Bonn on a coming battle over opening up Europe's electricity supply frontiers

French energy exports spark W German concern

FRANCE AND West Germany are mobilising their forces for a battle over exports of cheap French nuclear-generated electricity. It could prove a test case of the European Community's plans to forge a genuine internal market by 1992.

France is building up heavy electricity generating over-capacity as a result of its large programme of nuclear power station construction. It hopes to sell an increasing amount of the surplus to its western neighbour in coming years.

West German opposition comes from different angles. The coal industry, already facing the need to cut about 30,000 jobs in the next few years because of falling demand, fears that cheap French imports would undermine further the heavily subsidised system assuring preference for costly German coal in domestic power generation.

Led by the giant Rheinisch Westfaelisches Elektrizitaetswerk (RWE), some of the big decentralised German electricity utilities, which also have substantial over-capacity, are worried that French imports would drive a wedge into the heavily regulated German grid system.

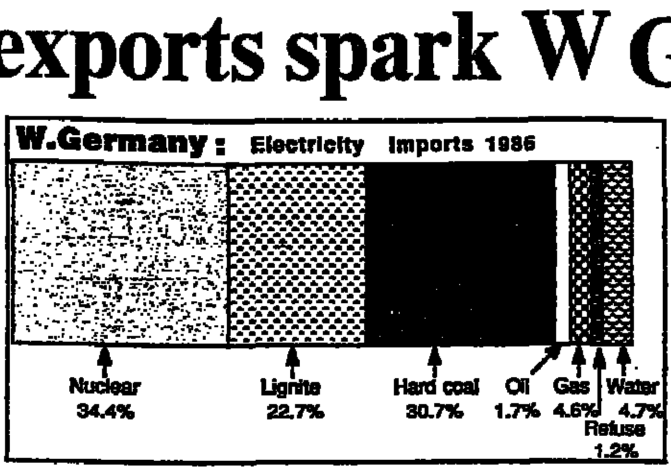
The powerful anti-nuclear German political lobby is also bracing itself for a fight. With controversy still simmering over alleged security flaws at France's new reactor complex at Cattenom close to the German border, any plans for large-scale French imports of nuclear power would cause an outcry from the opposition Social Democratic Party. The SPD at the beginning of this month reaffirmed its call for a 10-year *Ausstieg* (exit) from nuclear energy with a decision to ban all nuclear power stations in the most heavily industrialised state of North Rhine Westphalia.

Mr Rudolf von Bennigsen-Foerder, chairman of the Veba energy conglomerate, with important stakes both in electricity generation and coal-mining, has accused the French of planning to "dump" subsidised electricity.

The charge is energetically denied by Electricite de France (EdF), the French state utility, which says it receives no aid from the Government. West German electrity prices are generally reckoned to be 30 to 40 per cent dearer than in France, with some surveys putting the difference at more than 50 per cent. But this largely reflects lower French investment and regulatory costs, says EdF, a result of France's standardised nuclear programme.

Mr Michel Noir, the French Foreign Trade Minister, has waded into the fray.

Opening up the electricity supply borders was a logical part of the European Commission's internal market plans, he said. He said the subject would be on the agenda at the next six-month Franco-German summit next month. The meeting is being held at a symbolic spot - Karlsruhe on the Rhine in Baden-Wuerttemberg. This is the German state which up to now has proved most receptive to the idea of buying cheap French current. The bulk of France's sales of 2bn kWh of electricity last year to West Germany (out of total EdF exports of 25.4bn kWh) went to the Badenwerk utility in Baden-Wuerttemberg, which is run by the conservative Christian Democratic Union (CDU).



Support for French electricity purchases comes from German industrialists worried about the long-term impact on thecompetitiveness of higher West German energy prices.

Mr Ronaldo Schmitz, the board member responsible for finance at the chemicals giant BASF, said he could secure new long-term contracts with EdF at a price of about 7 to 10 pfennigs per kWh. This compares with a theoretical price of 15 to 20 pfennigs per kWh for new German contracts, which is, however, well above the price BASF pays for its present supplies under previously agreed long-term contracts.

BASF's monopoly supplier is RWE, which was the only German utility big enough to meet BASF's needs after World War Two, and owns all the distribution lines to the chemical company's Ludwigshafen plant.

RWE has traditionally been one of the cheaper West German utilities but has lost its competitive edge in recent years because of its small amount of nuclear capacity.

Mr Schmitz has had discussions in the past about over buying electricity from EdF. But these have not been continued because BASF is unable in practice to build its own supply lines to the French border to connect up with the EdF grid.

Mr Schmitz said: "Importing current from France is an idea of last resort. The price problem would be eased if German utilities agreed to buy a quota of cheaper electricity from France, and then sell it on, at a profit for themselves, to their industrial customers."

Bayer, one of the other Big Three chemicals companies, and like BASF one of the largest electricity consumers in the Federal Republic, is in a similar position. Mr Axel Lippert, a Bayer executive responsible for energy, called for the EC to "function properly" by allowing cross-border electricity sales.

Nuclear-generated electricity provides an ideal way of meeting chemical companies' base load needs, Mr Lippert said, and countries like France or Belgium which have a high nuclear share are gaining a steady competitive advantage.

Mr Friedhelm Gieske, RWE's finance director, defends the German utilities' monopoly position on the grounds that, under the 1935 Energy Industry Law, they are obliged to guarantee full security of supply to all customers within their distribution area.

If BASF were to sign an electricity supply contract with EdF, and there was a strike in French power plants, the chemical company would rely on RWE to make good the supply shortfall, he said. RWE could not simply "march in" to French power stations to restore supplies, he jested.

RWE relies above all on lignite-fired power stations, with its nuclear share in electricity generation a relatively low 21 per cent. Nuclear plants last year provided 34 per cent of electricity generated by all West German utilities, against 31 per cent for hard coal and 23 per cent for lignite.

The utilities are pledged to buy 45m tonnes of coal a year up to 1995 from West German mines in a long-term coal support programme - the so-called *Jahrhundertvertrag* or "Contract of the Century." These sales make up more than half of current coal production of 75m tonnes, which itself is about 12m more than total demand.

West German coal prices in D-Mark terms are now nearly three times world prices. Talks have opened in Bonn to try to keep the *Jahrhundertvertrag* going and at the same time agree cuts in both coal production and output subsidies, which this year will total DM10bn.

However, even with the French clamouring for greater access to the German market, strict regulation of the Federal Republic's power supply sytem is likely to be eased only at a snail's pace.

East bloc seeks to fight its way out of economic corner

POLISH VIEWPOINT
By Piotr Aleksandrowicz and Wlodzimierz Kicinski

A BOXER forced into a corner knows only one way to improve his position - he is condemned to go on the offensive.

Economic reforms currently being undertaken in socialist countries are their way of getting out of the corner. The direction of the changes is the same everywhere: freer markets, less central planning and mangement, and a reduction of bureaucracy.

Changes are taking place in Hungary, Poland, and particularly in the Soviet Union, but also elsewhere. Even Mr Todor Zhivkov, the 76-year-old Bulgarian leader, has announced his local version of *perestroika* (restructuring).

The problem is that reducing the number of ministries does not necessarily guarantee that the economy will become proportionately more efficient. Reform will, if it leads to the creation of a market logic for the functioning of the whole economy. This will have to be accepted by societies in which egalitarian tendencies are still strongly established.

Last week Poland launched a long-awaited debate on new solutions for its economy often called the second stage of economic reform. The Government is to be reorganised and half the ministries will be dissolved. A single Industry Ministry will be established instead of the several ministries and central departments now managing various industrial sectors. The powers of the Ministry of Foreign Trade are also expected to increase.

The most difficult task facing the new cabinet will be the introduction of an obligatory price rise which will result in a 5-8 per cent decrease in real personal incomes and the elimination of the budget deficit.

The most important question, however, is whether changes in economic mechanisms will take place, and how far-reaching they will be. A continuing debate on this subject has clearly shown that introducing more market mechanisms into the socialist economy will not be easy. Ideological conservatives and bureaucrats afraid of losing their position are attempting to halt and reverse the reform process.

On the other hand, the Government is under pressure from reformist groups and a population discouraged by the lack of improvement in the economic situation. Such opinions are reflected in a section of the media. In contrast to political issues, it is possible to voice liberal opinions concerning economic reform.

In May 1987, the Przeglad Tygodniowy, a widely read weekly publication, printed an open letter to the Prime Minister, Mr Zbigniew Messner, concerning necessary radical changes in the economy. The Premier personally took an interest in the work of an independent team of young experts who prepared the report called "No Limits to Foreign Trade."

The report contains many revolutionary ideas, by Polish standards. These include complete freedom to undertake and develop economic activity, equal conditions for the functioning of both private and state companies, the creation of a currency and capital market as well as a stock exchange, and abolition of the *nomenklatura*, that is Communist Party, influence on management appointments. It also suggests a total reconstruction of Comecon aimed at creating a Common Market of the European socialist countries.

The report not only goes further than the Government's own reform programme but also urges speedier implementation. It suggests that anyone with Zl 1m worth of capital (£2,070) could register a company and set up in business. It also proposed that it should be enough merely to notify the Minister of Foreign Trade of a company's intention to trade abroad, in place of the projected partial liberalisation in the foreign trade system.

State sector companies as well as co-operatives and private concerns must be subjected to equal treatment by the authorities. The report also suggests that allocation of capital throughout the economy should be achieved as early as next year through an independent stock exchange.

In contrast to the Government's view, the report sees the company as the key element in any new economic system independently of its size or whether it is owned by the state or privately. The establishment of new companies as well as changes in ownership of existing ones should achieve the greater role for the market as well as competition in the economy.

Both the report and the government proposals aim at achieving convertibility for the zloty. The authorities, however, set no date for this, while the report maps out a three-year path to internal convertibility for Polish companies at least. An essential first step is the establishment of a free currency market, including a currency exchange in mid-1988. The word exchange, however, does not appear in the government programme. The currency market would be accompanied by a diminishing role for central government in financing imports.

Lately, Poland has seen a wide-ranging debate on the subject of the role of foreign capital in the economy. As a result of the pressure this has generated the country's joint venture law is to be changed. Tax concessions are to be extended and rules for the transfer of profits will also be liberalised. It is expected that reinvestment of profits will also be favoured. The report goes further, urging a 25-year period of stable rules for such ventures. Poland should create more favourable conditions for these companies than other Eastern European countries.

The report is one of the symptoms of widening differences between the older and the younger generations. Young people, including a new generation of economists, are deeply in favour of stronger ties between Poland and the outside world. They believe that the system is susceptible to reform and demand changes which are more radical than people whose way of thinking has been shaped in previous decades are able to suggest.

However, one thing is clear. The changes already being implemented, as well as those proposed, must have the financial backing of Western democracies and especially the world of business. The aim of the reforms is to improve the efficiency of the economy, boost exports and links with world markets. They correspond to those being urged by the International Monetary Fund and Poland's Western creditors.

Piotr Aleksandrowicz, a journalist, and Wlodzimierz Kicinski, an economist, are among the authors of the Polish report "No Limits to Foreign Trade."

Crackdown on the press expected soon in Serbia

BY JUDY DEMPSEY IN BELGRADE

AN ATTEMPT at a major clampdown on the press in the Yugoslav republic of Serbia is expected over the coming weeks, following the resignation of the director of the Politika publishing house in Belgrade.

Mr Ivan Stojanovic resigned on Monday evening, after coming under increasing pressure from the Serbian party organisation led by Mr Slobodan Milosevic, a tough politician who is critical of the openness of the Serbian media.

During a heated discussion, Mr Stojanovic, who heads the publishing house which includes the weekly Nin, one of the flagships of Yugoslav journalism, said he rejected all accusations from his critics, but 'he deviated from the goals and tasks of Politika.'

The publishing house, founded 70 years ago, is directly answerable to the Socialist Alliance of Working People, a broad popular front organisation. Over the past few weeks, Mr Milosevic has made efforts to bring the often-outspoken Serbian media into line with his own policies, as well as silencing his critics.

One of Mr Milosevic's main policies is to adopt a much tougher approach towards Kosovo, the autonomous southern province constitutionally linked to Serbia. Kosovo, which is largely dominated by ethnic Albanians, was the scene of fierce nationalist riots in 1981 from which it has never fully recovered.

The Politika daily newspaper in Belgrade has echoed Mr Milosevic's sentiments to such a degree that Mr Dragisa Pavlovic, the moderate president of the central committee of the Belgrade party organisation, recently implied that Politika was fostering Serbian nationalism.

Mr Pavlovic was duly expelled from the central committee last month, a decision which was instigated by Mr Milosevic himself. Meanwhile, Mr Ivan Stanbolic, the liberal president of Serbia, has effectively lost the battle for promoting a more liberal climate in the republic.

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Serious setback for British case on hormone ban

BY TIM DICKSON IN LUXEMBOURG

THE PROSPECT of a new trade war between Europe and the US loomed closer yesterday when Britain's legal challenge against the EC's ban on the use of hormones in meat production received a serious set-back.

The UK, supported by Denmark, took the Community to the European Court last year, after the controversial decision by its farm ministers in December 1985, to outlaw five hormones used in the fattening of beef cattle.

The complaint alleges both that the council ignored vital scientific evidence, and more importantly that the decision should have been taken unanimously, rather than by a "qualified" majority of member states.

Yesterday, however, Mr Carl Otto Lenz, the Advocate-General of the court proposed, in an eagerly awaited opinion, that the British application should be dismissed and that the hormone ban should thus be upheld. It is due to come into effect on January 1 next year.

Mr Lenz is not a judge but past precedence suggest that his views are likely to be followed in the final verdict expected before Christmas.

Yesterday's development is not only a major disappointment for the British Government which claims that vital EC decision making procedures are at stake. It will also be noted with alarm by the US Administration which claims that the prohibition was politically motivate and without any scientific justification.

The ban will mean that $130m of US meat exports per year mostly in the form of offal and produced with the help of hormones will not be allowed to enter the Community.

Britain's main argument in the case rests on the claim that the European Commission submitted the proposal under the wrong legal base thereby allowing the decision to be agreed by a qualified majority of Ministers. The UK says that this has widespread implications for the way in which key plant and animal health issues could be determined in Brussels in future.

Mr Lenz, however, said that the legal base which was used – the Article 43 of the Treaty of Rome, which covers the Common Agricultural Policy – was wide enough to include non-specific agricultural issues like the health of the consumer.

As for ignoring the scientific evidence of a committee set up by the European Commission, and which found that there was no danger to health from natural hormones, Mr Lenz said that there was no legal requirement for the Council to take this into account.

He pointed out that there had been a shift during the political negotiations, from the question of human health, to the broader issue of consumer issues generally.

Austria seeks entry to EC's internal market

AUSTRIA wants full participation in the European Community's tariff-free internal market without formally joining the Community, Mr Alois Mock, the Foreign Minister, said yesterday, AP reports from Amsterdam.

Mr Mock, who is visiting the Netherlands, referred to his nation's permanent neutrality and said full membership could not become a reality for Austria.

Austria fears that its exports will be threatened by increasing trade barriers as the EC proceeds with its plan to abolish internal tariffs by 1992. But Austria's 1956 State Treaty bars the nation from joining any political alliance.

Mr Mock, who met Mr Ruud Lubbers, the Dutch Prime Minister, and Mr Hans van den Broek, the Foreign Minister, during his two-day visit, said his government had launched a three-pronged approach to forge closer links with the EC. This included closer co-operation between the EC and the European Free Trade Association, voluntary adoption by Austria of relevant EC regulations to smooth its path into the EC trade network, and negotiations with every EC nation to improve bilateral trade.

W German short-term interest rates rise

By Andrew Fisher in Frankfurt

WEST GERMAN short-term interest rates took a further upward turn yesterday in the wake of rises in the United States and mounting concern about the pace of West Germany's money supply growth.

The Bundesbank accepted bids for its one-month securities repurchase agreements, a refinancing facility for banks, at 3.85 per cent against 3.75 per cent the previous week. This is the third rise from the level of 3.55 per cent obtaining in early July.

The latest rise did not come as a complete surprise to the market, in view of the firmer trend among money-market rates. But analysts said a much bigger increase would have to occur before the discount rate was lifted from its present 3 per cent.

Mr Karl Otto Poehl, president of the Bundesbank, indicated last week that the central bank was increasingly using minimum tender levels for the repurchase agreements as a way of controlling short-term rates and thus exerting influence on money supply. The minimum bid was thus lifted to 3.60 per cent from 3.50 per cent last week.

In September, central bank money stock rose at a rate of 7.8 per cent, seasonally adjusted, over the fourth quarter level of 1986. The target range is between 3 and 6 per cent.

Yesterday, Mr Claus Koehler, the Bundesbank director responsible for money market operations, cited the sharp rise in US money rates and the corresponding increase in West German banks' domestic rate expectations as main causes for the higher repurchase rate.

Community cash aid for Greece and Italy

The European Commission said yesterday it was allocating special funds for four aid programmes in Greece and Italy, Reuter report from Brussels. Ecu735m(£514m) will go to three areas of Greece: the Aegean Islands, Attica and the central-eastern region. Molise in Italy will receive around Ecu44.5m. The funds come from the Integrated Mediterranean Programme

Italy aims to reduce state aid for companies

BY JOHN WYLES IN ROME

PLANS FOR a drastic revision of the use of large sums of public money to bale out struggling private sector companies have been outlined by Mr Adolfo Battaglia, Italy's Industry Minister.

In a lengthy and bleak review to a parliamentary committee of one of the cornerstones of Italian industrial policy, Mr Battaglia described as "disappointing" the results of more than a decade of expensive intervention. A leading member of the Republican party, he said that industrial assistance intended for only special cases had become "generalised or broadened in application, with a notable effect on public finances."

While not seeking a withdrawal of all state aid for companies in crisis, Mr Battaglia said now was the time "to put an end to a policy of rescue tied to exceptional events and to create an ordinary system of intervention in crisis situations with well defined aims, instruments and period of implementation."

In seeking this objective, Mr Battaglia can draw support from the growing consensus in Italy on the need to reduce government intervention in industry in all its forms. But his plans were also bound to run into resistance from the many politicians who have built their political bases on being able to channel public funds to industrial clients.

The minister said current policies were an overlapping response to the industrial crises of the 1970s and to the need for industrial modernisation and intervention. The politics of modernisation now had to prevail because European Community rules on industrial aid were becoming more restrictive as the 1992 deadline for a free internal market approached.

Mr Battaglia gave a detailed breakdown of spending under the four main industrial aid policies. The most expensive - law 675 dating back to 1977 - had committed L7,124bn (£3.3bn) to 216 interventions. Nonetheless, the minister suggested that the "numerous criticisms" of the complex procedures and administration of the law were well founded. Above all, government intervention under the legislation had failed to be selective, he said.

The so-called Prodi law of 1979 - named after Romano Prodi, then Minister of Industry and now president of IRI, the state holding company - had aided 280 companies employing 24,000 people. But it had resulted in the appointment of special commissioners to run failing companies whose whose main concern had been to protect employment and physical assets "without paying close attention to the validity of the initiative," said the minister.

The public holding company Gepi was created in 1971 to take a stake in troubled companies and help manage their recovery. Under EC pressure it was forced to cease activities in the centre and north of the country in 1982, and now held stakes in 201 companies with 35,000 employees.

Mr Battaglia said that Gepi's activities since 1980 had resulted in the hiring of 18,675 people, of whom no fewer than 11,000 were receiving assistance from the Government's special unemployment fund "without any alternative solution having been identified."

In an attempt to restructure Italy's civil electronics industry, the government of the day created Restrutturazione Elettronica (Rel) in 1982. Since then L441bn had been committed in fresh capital and cheap loans to 30 companies, and once again, said Mr Battaglia, "the tendency had emerged to transform a temporary intervention into a welfare activity without a definite time limit."

Rome rules out Kurdish kidnap deal

By John Wyles

THE POSSIBILITY of withdrawing the Italian naval mission from the Gulf in return for the release of three Italian engineers kidnapped by Iraqi Kurds was firmly ruled out yesterday by Mr Valerio Zanone, the Minister of Defence.

Spokesmen for the pro-Iranian "Patriotic Union of Kurdistan," which claims that it is holding the men, have formally linked their release to withdrawal of the eight-vessel Italian task force in the Gulf.

However, a Kurdish representative interviewed by Italian television yesterday suggested that Italian humanitarian aid for the Kurdish struggle for independence from Baghdad and a halt to arms shipments to Iraq were the real terms for freeing the engineers.

Mr Zanone adamantly affirmed that only the restoration of secure and free navigation through the Gulf would trigger the withdrawal of the Italian navy. Any premature withdrawal would be "a bitter blow to western solidarity and to UN peace efforts, to say nothing of the damage to our international credibility," he said.

The Italian Government, meanwhile, is coming under criticism from left-wing opponents for having kept the kidnappings a secret until they were revealed by the Kurds on Monday. One of the engineers was taken from a work site in northern Iraq on September 14

CO-OPERATION MEETING MAKES LITTLE PROGRESS

Comecon no nearer convertible currency

BY PATRICK COCKBURN IN MOSCOW

PRIME MINISTERS from the Soviet-led trade group Comecon ended their meeting in Moscow yesterday with little progress towards convertible currency payments within the bloc, absence of which is a serious hindrance to trade between Comecon members.

Although Comecon has decided in principle "to establish convertibility of currencies," this will have to wait until the Soviet Union has reformed its system of wholesale prices, according to yesterday's news conference.

Earlier at the meeting Mr Nikolai Ryzhkov, the Soviet Prime Minister, had pressed for radical reform, noting that changes in the markets in the West had created unfavourable conditions for the Soviet Union and other Comecon members.

This is presumably a reference to the fall in the price of oil and gas, the Soviet Union's main hard currency exports, and the difficulty facing East European countries whose industrial exports are facing heavy competition on world markets.

But Mr Ryzkhov's plea for greater co-operation between Comecon members appears to have produced few results this week. The Soviet Union is particularly interested in joint ventures in which Moscow would benefit from links with high technology East European enterprises.

Two thirds of the Soviet's trade turnover in the first six months of the year, Roubles 40bn (£40bn) out of Roubles 63bn, was with Comecon countries. But further growth is hampered by the lack of a single convertible currency.

The Soviet attitude to Comecon has changed since Mr Mikhail Gorbachev came to power in that greater emphasis is now placed on trade and contract prices rather than centrally planned economic links. The problem is that until the Soviet economy has itself switched to wholesale trade at prices reflecting production costs and demand it is extremely difficult for Soviet enterprises to start trading on their own account with Eastern Europe.

Speakers at the news conference immediately after this week's meeting admitted that a more flexible system was needed but said that Comecon would continue to use the transferable rouble. They also said that national currencies would be used more in joint ventures but did not specify how this would work.

The Comecon countries are clearly eager to see how Soviet economic reforms will affect them. For instance, a key part of price changes now being planned in Moscow is raising the wholesale price of raw materials, particularly of fuel and energy, to Soviet enterprises. This will presumably have an impact on some prices paid by East European countries.

The Soviet Union is also getting tougher with Vietnam and Cuba, Comecon members receiving economic assistance from Moscow who have been publicly blamed this year for wasting aid. This week, a Cuban official gave a detailed rebuttal of Soviet criticism in a letter to the weekly magazine New Times.

No early launch for Soviet space shuttle

BY PETER MARSH

THE Soviet Union is in no hurry to enter the era of re-usable spacecraft by flying the space shuttle it has under development, according to a top Soviet official.

Mr Oleg Shyskin, deputy minister for general machine building, whose responsibilities include space projects, said the maiden launch of the vehicle was 'not a principal question' for the Soviet Union. Meanwhile, it would continue its policy of keeping orthodox expendable rockets as its main technique for putting objects into space.

Mr Shyskin, who was speaking at an international space conference in Brighton, went out of his way, however, to praise the exploits of the US in developing the world's first fleet of reusable space shuttles.

He called the development 'a great achievement in astronautics' - despite the fact that the US shuttles are grounded until at least next year as a result of the Challenger accident in January 1986.

Mr Nicholas Johnson, an authority on the Soviet space programme, said Mr Shyskin's comments fitted in with his view that the Soviet shuttle would not fly before 1989 at the earliest.

Mr Johnson, a space scientist at Teledyne Brown Engineering, a US aerospace company, said the Soviet Union had little need for the shuttle to take people and payloads to its Mir space station.

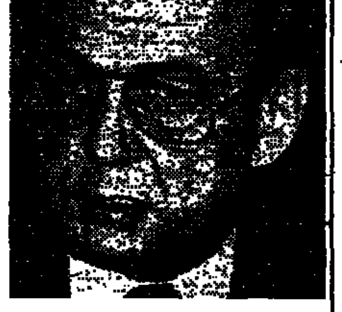
According to Mr Johnson, the Soviet shuttle would become particularly useful only in the mid-1990s, when the USSR is expected to have in operation a new, expanded space station.

Moscow urges revival of UN military body

BY ANDREW GOWERS, MIDDLE EAST EDITOR

THE Soviet Union has suggested reviving an important though hitherto unused part of the United Nations machinery in a move which would give the world organisation more power and authority to enforce its decisions and may have a significant bearing on UN efforts to end the Gulf war.

The proposal to revive the UN's Military Staff Committee - a body supposed, according to the organisation's founding Charter, to give the UN military teeth to enforce its resolutions - has been floated by Mr Eduard Shevardnadze, the Soviet Foreign Minister, and is reiterated by his deputy, Mr Vladimir Petrovsky, in a programme on the UN and the Gulf war to be broadcast by BBC radio tonight.



Petrovsky: UN opportunities

Mr Petrovsky, himself a former diplomat at the UN, said the organisation's charter should be fundamentally re-examined.

"If we try to read it anew we will find that a lot of unused opportunities exist...which could be helpful for the solution of certain situations," he went on. "And one of these opportunities...is the use of the Military Staff Committee. I think this is a very important body. Unfortunately, it has not been used through the history of the UN, but probably the time has come to try it."

Mr Petrovsky's remarks bespeak a new interest on Moscow's part in the UN and reflect the improving climate in East-West relations. Experienced Western observers speculated that they could presage a more positive Soviet attitude to UN peace-keeping operations - a view already implied by Moscow's support for so far unanimous efforts by the UN Security Council to secure a ceasefire in the Iran-Iraq war, and by its call for a naval force under UN auspices to police the Gulf.

The Military Staff Committee, designed under the UN Charter as a statutory body to back up Security Council decisions with force if necessary, fell victim to Cold War rivalries between the superpowers.

The Security Council is due to decide today on what step to take next over the Gulf war. The US and Britain have been pressing for the drafting of an international arms embargo on Iran, but the Soviet Union has stalled.

Separately, Moscow yesterday sought to deflect claims that it is tilting towards Iran over the Gulf war. A senior Soviet foreign ministry official, Mr Oleg Peresypkin, told a Soviet newspaper that increased economic links with Tehran, including the proposed renovation of a natural gas pipeline between the two countries, were still under review.

Australian steel maker to treble job losses

By Chris Sherwell in Sydney

BROKEN HILL Proprietary, Australia's largest company and the country's biggest steel producer, is to treble the rate of job losses at its steel plants in order to meet productivity targets.

A statement from the group yesterday said a total of 3,500 jobs would be lost at three key plants over the next 14 months. This compares with a target rate of 1,000 a year achieved under the current Steel Plan, which ends in January 1988.

Behind the change is a determination by BHP's steel division to meet productivity targets of more than 350 tonnes per man per year by the 1990s. Having risen to a level of 280 tonnes in the financial year to May 1986, productivity fell back in the most recent 12 months to 270 tonnes.

The group says the only way to meet its productivity targets, which are still less than the levels achieved abroad, is through job losses. Many of BHP's competitors abroad have productivity levels above 400 tonnes, the company points out, with some integrated works reaching 1,000 tonnes.

BHP is currently conducting a corporate study on the restructuring of the whole group. Among the many options is a possible public flotation of its steel interests, along the lines of its BHP Gold float earlier this year.

Yesterday the company said the steel job losses would be secured through natural wastage rather than retrenchment, but BHP acknowledges that some inducements may be needed to meet the new targets. It also says another 1,500 jobs will have to go after 1988.

Under the Steel Plan, BHP has slashed steelmaking capacity from more than 9m tonnes a year in 1983 to 6.8m tonnes currently and is investing some A$1.4bn (£615m) over five years in plant, processes and technology.

Last year the company claimed it was one of the world's lowest cost producers of semi-finished steel, thanks in part to its access to high-grade raw materials and energy.

But productivity failed to improve because output was hit by the difficulties in digesting the heavy capital expenditures and by a worryingly high level of industrial disputes.

Israel experiences taste of Islamic fundamentalism

BY ANDREW WHITLEY IN JERUSALEM

THE WAVE of violence in the past week in the Israeli-occupied West Bank and Gaza Strip regions have so far claimed seven lives - six of them Palestinian - leaving dozens of others injured. Coming on the eve of tomorrow's visit to Israel by Mr George Shultz, the US Secretary of State, the clashes have been the worst this year.

They prompted a swift condemnation by the State Department on the use of "lethal force" by Israeli troops. Tuesday's statement was also coupled with a pointed reminder to Prime Minister Yitzhak Shamir that the incidents demonstrated once again the need for progress in the deadlocked Middle East peace process.

More disturbingly, from the Israeli Government's viewpoint, the latest violence has alerted public attention to the emergence of a new breed of Islamic fundamentalists in the occupied territories, some of them armed with more lethal weapons than the demonstrators' usual bricks and stones. The spark which lit the latest brush fire was the death of four members of the shadowy Islamic Jihad group, who had earlier escaped from jail in a shoot-out with security forces.

Concentrated in impoverished, hopeless Gaza, where most of the population are refugees, these young militants express their willingness to taste blood in confrontations with Israeli troops. With little prospect of material or political advancement, many are eager for posthumous hero-worship as martyrs.

Yesterday, tensions appeared to be subsiding, with only scattered demonstrations and clashes reported in and around Arab East Jerusalem and the nearby town of Ramallah. Most shops and businesses reopened after a three-day protest closure, in the case of Ramallah at gunpoint.

Israeli security forces have smashed a major guerrilla network of the Islamic Jihad movement in the occupied Gaza Strip and arrested at least 50 suspected guerrillas, security officials said yesterday, Reuter reports from Jerusalem. They said a shootout in Gaza last week in which four Islamic Jihad fighters and an Israeli undercover security agent were killed led investigators to discover a big underground weapons arsenal in Gaza's Shaja'iye district and to make dozens of arrests. The guerrillas are suspected of numerous attacks and acts of sabotage in the Gaza Strip in recent months, they said.

All agree that the chances of trouble re-igniting at a moment's notice are very real. Indeed, the matter-of-fact approach being adopted to the troubles by General Dan Shomron, the armed forces' recently appointed Chief of Staff, underlines this assumption.

"I think we will return to the same, normal level of violence that never ends and probably won't end soon. But it is a level we can live with," Gen Shomron, regarded as a political liberal, assured Army Radio listeners on Tuesday.

He described the death of a 35-year-old mother of five in Ramallah, shot through the heart while walking past a demonstration, as "the price paid by those in the immediate vicinity".

Addressing a large group of pro-Jordanian Arab mayors and civil servants from the West Bank the same day, Defence Minister Yitzhak Rabin expressed the same confidence as his chief of staff that the violence was containable. But he suggested that the recent upsurge had been deliberately instigated from abroad, to create an atmosphere of tension to coincide with Mr Shultz's visit.

Such theories are regularly advanced by Israeli officials during the periodic outbursts which puncture the calendar in "the areas," as the West Bank and Gaza Strip are euphemistically dubbed in the local media. But they are usually way off the mark, finding the need for a *deus ex machina* to explain away the unpalatable mood of the subjugated population.

On the other side of the fence, the arguments of such men as Mr Rashad a-Shawwa, the grand old patriarch of Gaza, that the violence is simply a product of frustration - and not the work of Moslem extremists - are also losing their relevance. Condemned these days by young Gazans as an anachronistic has-been, the deposed former mayor appears unaware of the strength of feeling in such centres of protest as Gaza's Saudi-financed Islamic University.

In Jerusalem, the death on Sunday of a young Israeli man, shot by a group of assailants in the Old City the previous day, has revived calls for the imposition of the death penalty for certain terrorist crimes. While Prime Minister Shamir has voiced his support, Mr Rabin countered by restating his own opposition to a step he regards as counter-productive.

The current religious holidays and a nine-day-strike by Government radio and television journalists blacking out most news have dampened the debate. But, once the Shultz visit is out of the way by early next week, the arguments for and against capital punishment for "terrorists" are likely to be resumed in full ferocity.

NZ dollar plunges in turbulent market

NEW ZEALAND'S currency market was thrown into turmoil yesterday as the local dollar took another plunge while dealers measured comments by senior ministers on Government intervention, Reuter reports from Wellington.

The dollar closed at 63.45 US cents, a drop of almost 4 cents in two days, after large selling orders from Australia and Asia.

The dollar's rise from 44.44 US cents when it was floated in March 1985 to a record 67.03 cents last week has upset exporters by making their goods less competitive abroad. They have criticised the Government for not intervening.

The fall began on Tuesday when Mr David Caygill, Trade and Industry Minister, said the Government had never ruled out intervention.

It continued yesterday after Mr Roger Douglas, Finance Minister, said in a terse statement at Sydney airport, on his way home from a visit to Japan, that intervention had never been considered.

The Labour Party Government does not normally comment on exchange rates and some New Zealanders saw the statements as a sign of dispute between the ministers.

But Mr Caygill said in an interview he saw no contradiction between not ruling out intervention and actually considering action.

Bomb explodes outside leading Manila hotel

BY RICHARD GOURLAY IN MANILA

A LARGE bomb exploded outside a leading Manila hotel at midday yesterday destroying most of the concrete porch and injuring 10 people. No-one has claimed responsibility.

The bomb at the partly Japanese Manila Garden Hotel was the second to explode outside five star hotels in three months. Although it seems the bomb was not meant to cause serious injury, the blast caused a concrete porch to collapse onto the roof of a hotel bus

Last month Ang Bayan, a Communist Party of the Philippines publication, said that sabotage such as destroying electric plants was justifiable. The party's military wing, the New People's Army, has admitted destroying at least eight power pylons and two bridges south of Manila but has not claimed responsibility for any sabotage in Manila itself.

Observers said more likely suspects are right-wing opponents of Presidnet Corazon Aquino. However, Col Gregorio Honasan, the leader of a failed coup in August, said in a recent televised interview that he would use "non-confrontational" methods and would not resort to indiscriminate violence in his continuing campaign to topple Mrs Aquino.

Meanwhile Mrs Aquino said that the Government was prepared to reopen peace talks with the National Democratic Front, a coalition of underground groups including the Communist Party and the New People's Army. "The Government is ready to resume negotiations," Mrs Aquino said in response to a vaguely worded statement from an NDF spokesman on Monday who said his group "declared its readiness to dialogue."

Botha in Botswana brine talks

BY JIM JONES IN JOHANNESBURG

MR "PIK" BOTHA, the South African Foreign Minister, held talks with the Botswana Government in Gaborone on Tuesday on plans for the exploitation of underground brine deposits at Sua Pan in the north of Botswana.

At the end of the talks both sides said that substantial progress had been made. BP and, latterly, South African chemical group AECI have been evaluating the Sua Pan deposits for some years, but their viability depended on a guaranteed market for soda ash in South Africa.

Soda ash, which is largely used in glass-making, is plentiful. At present a large part of South Africa's consumption comes from Kenya, though various domestic alternatives have been under consideration for some years. South African companies themselves had planned to establish coastal soda ash plants based on sea water, but their viability, too, depended largely on an exclusive domestic market.

The Botswana Government is keen to see the Sua Pan deposits developed, at an estimated cost of Pula 500m (£180m). Sua Pan is in a remote and underdeveloped part of the country and exploitation of the brine deposits would allow better roads to be established in the area.

Last year, according to unofficial reports, the South African Government agreed to the exclusive marketing arrangements needed for the Sua Pan development. The quid pro quo, it was said, was the Botswana Government's agreement to restrict the activities of the ANC inside its country.

Tunisia to restore links with Libya

TUNISIA IS re-establishing diplomatic relations with Libya at the consular level, two years after breaking ties following threats from Tripoli and the expulsion of thousands of Tunisian workers, the official TAP news agency announced yesterday, AP reports from Tunis.

President Habib Bourguiba appointed Mr Mohamed Salah Al-Ouini consul general to Tripoli, TAP reported. It said the decision comes after talks between the two countries during which both sides "expressed the wish to develop relations on a solid and clear basis."

Tunisia broke relations with Libya in September 1985 after Tripoli expelled without explanation 32,000 Tunisian workers, a move which led to friction culminating in a massing of Libyan troops on the Tunisian border.

The two countries, helped by Algerian mediation, recently agreed to a plan to compensate the workers.

Taipei agrees China visits

BY BOB KING IN TAIPEI

THE Nationalist Party's powerful central standing committee yesterday approved visits to China for many residents of Taiwan in what one government official termed "a major breakthrough."

The committee, during its regular weekly meeting, decided that residents with close relatives in China could return for family visits. The decision specifically excluded civil servants and military personnel on active duty, however, as well as most Taiwanese, whose ancestors began migrating here more than 300 years ago.

The decision, which will be submitted to the Cabinet for almost-certain approval on Thursday morning, follows months of intense debate during which progressive figures argued for a complete removal of sanctions on visits. More conservative officials, meanwhile, opposed any liberalisations at all, arguing that the Government might be seen as retreating from its oft-stated policy of "no contacts, no compromise, and no negotiations" with the Peking regime.

Steel plant sacks 4,000 strikers

HIGHVELD Steel & Vanadium has begun dismissing about 4,000 black employees who have been striking over wages for a month. The company has also ordered that the men be evicted from their accommodation in the local black township, Jim Jones reports.

In Johannesburg yesterday a spokesman for Anglo American, which manages Highveld, declined to comment on the dispute. The National Union of Metalworkers of South Africa says that 4,000 men have been on strike at the company's steel plant and at a quarry and iron ore mine. The union says that Highveld had offered wage increases ranging from 41 cents to 75 cents an hour (12p to 22p) but that the men had struck over their demand of a 75 cents across-the-board increase.

Highveld has started to hire replacement labour and says that strikers may be re-hired before October 21 with no loss of service benefits. The union says that scab labour has been brought in from the Natal town of Newcastle where mill closures earlier his year have left black steel workers unemployed.

●Highveld has increased its vanadium pentoxide price to \$2.95/lb from \$2.65/lb.

Tony Walker, recently in Babylon, surveys the scene as Nebuchadnezzar's ancient capital is rebuilt

Babylon rises from the swamp after 2,000 years

"SO, YOU'RE going to see the massacre of Babylon," said an Iraqi acquaintance to a surprised visitor who was expecting to spend a quiet day wandering among the ruins of the ancient, and sometimes unruly, capital of Mesopotamia.

Massacre is perhaps too brutal a word to describe reconstruction of Babylon, but the rebuilding of the ancient city in pale house bricks gives an eerily modern aspect to the place.

To be precise, 14m bricks have been laid at Babylon by an army of indentured laborers from places like Egypt, Sudan and Korea in an attempt to re-create some of the physical dimensions of Nebuchadnezzar's capital which was, in its day, the world's largest and most sophisticated city.

"If we had left Babylon as it was before we began reconstruction, it would have been destroyed completely because of rising damp (from the nearby Euphrates)," said Mr Wahby Abdul Razzaq Rashid, head of Babylon's Archaeology Department when asked about the need to build a modern structure on ancient ruins.

And so the fallen city described in Revelations as the "mother of harlots and abominations," is rising from the swamp into which it had sunk during more than 2,000 years of decay and neglect.

Walls have been rebuilt to a height of about eight metres along the processional way leading to the Ishtar Gate, named after the Babylonian and Assyrian goddess of beauty and love. The bitumen surface on the street itself, dating remarkably from the time of Nebuchadnezzar, has been uncovered.

The great *ziggurat*, with its seven steps representing seven skies of Babylonian mythology and dedicated to Marduk, the sun god, is also being reconstructed.

The crenellated fortifications along the processional route seem almost contemporary in appearance. Iraqi renovators are said to have used impressionistic works by German archaeologists early this century as a model for the reconstruction.

In its stark and modern manifestation, Babylon is unlikely to be regarded as one of the Wonders of the World. Its appeal will rest chiefly, it seems, on the encouragement its recreated walls and arches give to the imagination of visitors seeking clues to the splendors of the Sumerian era.

For the Iraqis, Babylon's reconstruction serves a practical purpose in a country burdened by war.

CAPTURING PYRAMIDS' ANCIENT AIR

SCIENTISTS are about to try to capture samples of 5,000-year-old air from a pit at the Pyramid of Cheops near Cairo, Egypt's top archaeologist said yesterday, Reuter reports from Giza.

The aim is "to extract ancient air using the most recent scientific devices," Mr Ahmed Kadry, chairman of the Egyptian Antiquities Organisation said.

He described it as the most important project in the history of modern archaeology and Egyptology. Ancient air, or a modern imitation, could eventually be used in museums to preserve antiquities.

A team coordinated by the US National Geographic Society will use a special drill with no fluid coolant or lubricant to penetrate a 30-foot long pit covered by limestone slabs and sealed with gypsum cement by the ancient Egyptians.

Experts believe it could house a "solar boat" built around 2600 BC to transport the soul of the Pharaoh Cheops, ruler of Egypt, to the afterworld.

One such boat was excavated in 1954 and some Egyptologists believe there may be another nearby. But Mr Kadry said the main aim was not to unearth treasures.

President Saddam Hussein ordered that it be rebuilt as a monument to a vigorous civilisation that survived for hundreds of years on the flat fertile ground between the Tigris and Euphrates.

Mr Hussein, who is said to have provided an "open cheque" for the task, wants a reconstructed Babylon to be an inspiration to his people engaged in the terrible seven-year-long conflict with Iran. Never mind the uncomfortable historical detail that the Persians conquered Babylon in 539 BC, just three years after Nebuchadnezzar died.

Babylon, about one hour's drive south of Baghdad, bakes under the blistering sun of an Iraqi late summer. The harsh environment makes it hard to believe that this was the site of the fabled "hanging gardens," one of the Seven Wonders of the ancient world.

Archaeologists, in fact, are divided as to whether the "gardens" existed at all except in myth and legend. No physical trace of them has been found, and, curiously, Nebuchadnezzar's quite detailed writings about the city make no mention of them either.

Likewise, the location and dimensions of the Tower of Babel, built, the Bible says, so that idolatrous citizens could get closer to God, remain a mystery. God punished these persumptuous children of Abraham by forcing them to speak in a babble of different languages.

Little that is original is visible at Babylon, but below the surface to a depth of at least 27 metres lie artifacts, some of which date from about 2,000 BC.

Unlike ancient sites in arid Egypt, however, Babylon is an unsympathetic location for archaeologists. Annual inundations by the flooding Euphrates - until dams were built upriver - and high salinity in the soil has spoiled much of what lies buried in the ground.

One of the few "original" objects on display is a carved basalt "Lion of Babylon" that dates from about 600 BC. The lion is poised suggestively over a prostrate figure which may give a clue to ancient tendencies in a city denounced in the Bible as a haven of lust and fornication.

Western archaeologists, while they might question the quality of some of the reconstruction work at Babylon, nevertheless have sympathy for the idea of seeking to recreate a "lost citadel".

"You do need to mediate Mesopotamian archaeological sites to the public," said Dr Jeremy Black, director of the British archaeological expedition to Iraq. "Putting back up stone columns is much easier than reconstructing buildings, the appearance of which you're not even sure about."

Even the great city of Babylon appeared as little more than a low hump on a flat plain to the early German excavators who worked on the site at the turn of the century and made off with priceless blue glazed bricks of a gate named after the goddess, Ishtar.

"Essentially," said Dr Black, "all Mesopotamian sites look like mounds of mud to the untrained eye."

Iraqi officials point out that reconstruction work only covers a fraction of the site which measures in all about 28 sq/km surrounded by the buried remains of a massive wall.

Mr Rashid said it was a dream of Iraqi archaeologists to carry out more extensive excavations, and even one day to drain the site, but all this would require additional workers. "It's a big problem," he said. "We have few workers now because everyone is at the front".

Reagan denied air time on Bork

By Lionel Barber in Washington

PRESIDENT Ronald Reagan's hopes of addressing the US on behalf of Judge Robert Bork, his doomed Supreme Court nominee, were curtailed yesterday when two of the three television networks - CBS and ABC - declined a White House request for air time. NBC said the broadcast, scheduled for yesterday afternoon, was "in the balance".

Radio and cable network news will carry the six-minute speech, but the networks' decision to prefer their afternoon soap operas to the President is a fitting anti-climax to a shambolic White House campaign on behalf of Judge Bork.

On Friday, when Judge Bork elected to fight on in the face of certain defeat in a US Senate vote, some praised his courage, others spoke of Custer's last stand. But the late charge of the Right Brigade has this week turned into a rout.

On Tuesday, President Reagan's staff distributed a speech in which he castigated Judge Bork's opponents for running "a sophisticated campaign of smears and lies". The lines were later dropped when someone reminded Mr Tom Griscom, the speech writer, that Judge Bork himself had declared he wanted to take the politics out of the debate and get back to principle.

The offending passage was excised. So too was a lyrical piece referring to the Frank Capra film, Mr Smith Goes To Washington, in which James Stewart stands in the well of the Senate and says: "Lost causes are the only causes worth fighting for."

Mr Reagan duly read out the emasculated version in New Jersey, but then ad-libbed that the Bork battle had turned into a "political joke" and vowed to find another High Court nominee "that they'll object to just as much".

Democrat leaders have promised an early vote to put Judge Bork out of his misery, but conservatives are still pressing for several days of debate to get their case across. Just to prove he had heard enough, Democrat Senator Harry Reid of Nevada became the 54th senator to come out against Judge Bork.

Mr Howard Baker, the White House chief of staff whose strategy of portraying Judge Bork as a militant moderate has backfired, was lying very low yesterday.

Cardenas to stand for Mexican presidency

BY DAVID GARDNER IN MEXICO CITY

MR CUAUHTEMOC Cardenas, leader of the dissident Democratic Current within Mexico's ruling Institutional Revolutionary Party (PRI), has announced that he will stand for the presidency against Mr Carlos Salinas de Gortari, unveiled as the regime's candidate last week.

The move raises the possibility of a significant left-wing nationalist challenge to the regime in presidential elections next July, particularly if talks succeed in unifying the fractured Mexican left behind Mr Cardenas.

The most serious competition the 70-year-old regime has faced in recent years has been from the right-wing National Action Party (PAN), which has become a vehicle for largely middle class protest votes against the regime. The PRI has never conceded a significant office, much less the presidency, at the polls.

The ruling party, which has a declared left-wing nationalist programme, has generally mustered a majority through the electoral machines operated by the corporatist sectors of workers, peasants and bureaucrats' unions into which it is divided. But when threatened electorally it has been prepared to rig ballots, a practice revived by this government in several governorship and municipal elections.

Mr Cardenas' decision marks the dissidents' definitive break with the ruling party, after nearly a year of skirmishing and two bungled attempts by the PRI leadership to expel them.

The Democratic Current has challenged President Miguel de la Madrid's right to nominate his successor, the way all Mexican presidents have been selected for single six-year terms since Mr Cardenas' father, the revered President Lazaro Cardenas, stepped down in 1940.

The Cardenas faction has also called for a U-turn on economic policy, and on Monday said it was 'echoing a national rejection of the continuity' of policy represented by Mr Salinas. The young Planning Minister has been this Government's architect of Thatcherite structural economic reforms, including a reduced state role in industry, radical import liberalisation in a bid to diversify away from oil, and a huge budgetary shrinkage equivalent to nearly 10 per cent of gross domestic product.

But the reforms have made little impact on a foreign debt burden which will rise to $110bn next year and inflation which rose to a record annualised 135 per cent last month, while real wages have been halved and unemployment has doubled.

Mr Cardenas is a left-wing nationalist, former PRI state governor and senator. He is calling for a debt moratorium, massively rebuilt wages and a return to a more closed, more 'independent' economy, all options he has assembled under the persuasive heading of 'national sovereignty.'

Mr Cardenas is preparing now to stand formally for the so-called Authentic Party of the Mexican Revolution (PARM). This is an anachronistic, parastate group, which in its 30-year history has served as a home for retired generals, a safe depository for losers in PRI internecine war, and most recently to swell the Government's built-in majority on the Federal Electoral Commission which runs elections.


Salinas: facing challenge

It is far from being an obvious position from which to challenge the legitimacy of the modern PRI.

The Cardenas split is nonetheless the first in the ruling party since 1952

General to head Peru's defence ministry

By Barbara Durr in Lima

PERU'S President Alan Garcia was to swear in the country's first Minister of Defence yesterday. Gen Enrique Lopez Albujar, commander of the army, was chosen to lead Peru's new defence ministry, which amalgamates the ministries of army, navy and air force.

It was widely speculated that President Garcia would name a civilian as Defence Minister, but the army, Peru's most powerful service, is understood to have objected. Army officers led Peru's last coup in 1968.

Gen Lopez Albujar, who has studied in Britain and the US, is respected within the army as a professional soldier and is regarded by diplomatic observers as the best choice among active service officers.

President Garcia has called the creation of the ministry 'an historic step'. He proposed the consolidation of armed forces ministries last March, when it was approved in an extraordinary session of the Congress.

It prompted discontent in the military, particularly the air force, the smallest but richest service. As a sign of its unhappiness, the air force buzzed the presidential palace, a protest that subsequently led to its commander being relieved

Reagan, Duarte praise Arias peace plan

PRESIDENT REAGAN and El Salvador's President Jose Napoleon Duarte praised the Central American peace agreements yesterday but warned that all countries must fully implement the accords, Reuter reports from Washington.

"The prospects for obtaining peace, though still far from certain are better than at any time this decade," said Mr Reagan in welcoming Mr Duarte to the White House.

Mr Duarte, starting a three-day state visit to Washington, said peace was "a step closer" as a result of the accord that he and four other Central American presidents signed in Guatemala in August.

Breaking from the protocol of a state visit that includes a ceremonial military parade in the White House lawn, Mr Duarte stepped down from the podium he shared with Mr Reagan and walked some 25 yards to kiss an American flag.

"There have been many times in my life in which people with hate in their hearts have set fire to an American flag," Mr Duarte said. "This time permit me ... to give it a kiss."

The leaders later met privately in the Oval Office for what Mr Reagan said would be a taking of account of the progress on the implementation of the peace agreement.

Their meeting came a day after Costa Rican President Oscar Arias won the Nobel Peace Prize for his role in forging the peace plan that sets a November 7 deadline for ceasefires in civil wars in Nicaragua, El Salvador and Guatemala.

US politicians said the award could make it difficult for the White House to win new military aid for the Nicaraguan Contra rebels it supports and could be seen as a slap in the face to Mr Reagan, who has called Arias' plan "fatally flawed."

In his welcoming remarks, Mr Reagan said the US remained "fully committed to exploring every opportunity to end the violence that plagues the region."

He told the Organisation of American States last week that the peace plan was "a step in the right direction."

"We want to see the peace process succeed," he said.

But in an apparent reference to Nicaragua, Mr Reagan said El Salvador had been "victimised by an insurgency armed, trained and headquartered in a nearby country."

Chile blocks probe into death of ambassador

AN ARMED forces judge has refused to re-open investigations into the 1976 murder in Washington of Mr Orlando Letelier, a former diplomat and leading opponent of Chile's military government, Reuter reports from Santiago.

The US has sought the extradition of two former chiefs of the Chilean secret police for the murder of Mr Letelier.

Mr Letelier was Santiago's ambassador to Washington during the leftist government of Mr Salvador Allende.

Mr Letelier's family requested the case be re-opened in Chile after a former secret police official confessed to a role in the plot and said he had been acting on police orders.

However, a Santiago military judge ruled on Tuesday that the confession made before a Washington judge was not acceptable under Chilean law, since the man had been offered leniency in exchange for the confession.

Company AIDS policies urged

By Deborah Hargreaves in Chicago

US corporations were urged to educate their employees about Acquired Immune Difficiency Syndrome to avoid panic about the spread of the disease at a conference for businessmen in Chicago.

Mr C. Everett Koop, US Surgeon General, said AIDS should be treated within a corporation's existing policy for chronic illness and that the AIDS patient should not suffer discrimination.

He pointed out that certain neurological problems associated with the disease may mean an employee with AIDS should be taken off operating heavy machinery. But AIDS victims "should be expected to perform satisfactorily or be offered something less responsible," Mr Koop said.

Liberal triumph in New Brunswick

BY DAVID OWEN IN TORONTO

THE CANADIAN Liberal Party yesterday secured its second crushing provincial election victory in two months, winning all 58 seats in New Brunswick to end 17 years of Conservative rule.

The result represents a sweeping endorsement of the energetic campaign style of Mr Frank McKenna, the Liberal leader.

It also marks a sad exit for Mr Richard Hatfield, the former Premier, who lost the riding (constituency) which he has held since 1961 to a 46-year-old schoolteacher.

In all, the Liberals received 62 per cent of the popular vote - approximately in line with repeated opinion poll projections - compared with 28 per cent for the Tories and 11 per cent for the New Democratic Party.

Before dissolution, the Liberals held just 20 seats in the legislature, against 37 for the Conservatives and one for the NDP.

In a campaign dominated by personalities and, in the Liberals' case, the music of Dire Straits, the 39-year-old Mr McKenna undoubtedly benefited from lingering memories of Mr Hatfield's personal problems, including a trial on charges of marijuana possession (he was acquitted), in 1984 and 1985.

The farmer's son turned lawyer, who first caught the public eye when he successfully defended a former Canadian light heavyweight boxing champion on a murder charge in 1977, has consistently campaigned on a platform of delivering only what the province can afford.

On national issues, he has promised to seek changes in the Meech Lake constitutional accord on the grounds that it will weaken the federal government.

Only once before - in tiny Prince Edward Island in 1935 - has a single party (the Liberals) won every seat in a Canadian provincial legislature.

Vancouver deal likely on aid for frontline states

BY ROBERT MAUTHNER IN VANCOUVER

COMMONWEALTH heads of government yesterday embarked in Vancouver on a discussion of southern Africa without any prospect of persuading Mrs Margaret Thatcher, the British Prime Minister, of modifying her opposition to increasing sanctions against Pretoria.

However, with other member countries showing little stomach for more than a token fight on the subject, it seems likely that agreement will be reached on a package of economic measures to help the African frontline states.

In her opening speech to the conference on Tuesday, Mrs Thatcher specifically endorsed joint action to help the frontline states reduce their dependence on South Africa and the other leaders have accepted that this is as far as she will go.

The southern African debate, together with the private meeting of the leaders at a so-called retreat at the Lake Okanagan resort, will be the centrepiece of the conference. The heads of government are discussing a range of problems, including the situation following the military coup in Fiji and the crisis in Sri Lanka, which are not on the formal agenda.

The southern African debate was preceded by a discussion on Tuesday on the world political scene, during which Mr Lee Kuan Yew, the Singapore Prime Minister, and Mrs Thatcher analysed developments in th Soviet Union and in East/West relations as the result of Mr Mikhail Gorbachev's policies.

Introducing the discussion, Mr Lee Kuan Yew said the crucial question was whether Mr Gorbachev wanted to make the Soviet economy more efficient to pursue a policy of supremacy for the Soviet Union, or whether he had acknowledged that nuclear weapons had ruled out a major.

Whatever the answer, Mr Lee Kuan Yew and Mrs Thatcher considered that Mr Gorbachev's aim was not to make the Soviet Union less Communist. Mr Lee Kuan Yew said: 'He knows that the centrally-planned and controlled Soviet economy cannot compete against free enterprise and the free market. He wants to incorporate the free market, but he does not intend to have a pluralistic society with competing political parties and organised dissent.'

Mrs Thatcher considered that only limited change could be expected in the Soviet Union and that people should not mistake change of style for change in substance.

Although she welcomed the prospect of a superpower agreement on medium-range nuclear weapons, Mrs Thatcher categorically ruled out the destruction of all nuclear weapons

Court rules Sumitomo infringed fibre patents

BY RODERICK ORAM IN NEW YORK

A US court has ruled that Sumitomo Electric Industries of Japan has infringed two patents held by Corning Glass Works of the US on fibre-optic products.

The ruling brought to a head a long-running battle between the two companies, each of which claims the other has been infringing its patents. The products constitute the core of fibre optic cables for which demand is growing strongly in the telecommunications and computer industries.

However, practical and financial impact of the ruling is likely to be limited. Sumitomo Fiber Optics of Research Triangle, North Carolina, said it would stop manufacturing fibres until the legal issues were resolved. It will buy in fibres from manufacturers licenced by Corning so it can continue to make cables.

The fibres, which are currently in excess supply, are worth about half the value of the finished product, said Mr Robert Swirbul, senior vice-president of Sumitomo Fiber Optics.

He estimated Sumitomo had a 10 per cent share of the $300m-a-year US market dominated by Corning and AT&T which together have 70 per cent.

Sumitomo, which initiated the legal battle in 1984 to clarify the patents' coverage, will also appeal against the ruling, arguing that the court took too wide a view of the patents.

If the legal remedies fail, Sumitomo will be able to resume manufacturing fibres when Corning's key patent, number 915 covering long-distance transmission fibres, expires in may 1989.

Judge William Conner, of the New York Federal Court, ruled that patent 915 "clearly covers a basic pioneering invention" which Sumitomo "willingly infringed".

He also ruled in favour of Corning on its 550 patent covering short-distance transmissions used, for example, in computers. A third patent, number 454 on a manufacturing process, was not infringed, he said, because Sumitomo had modified its processes.

The court has yet to assess damages dating back to 1985 when Sumitomo began fibre manufacturing in the US. A Corning lawyer said it could receive several millions of dollars. A Corning spokeswoman said it was too early to assess the long-term impact of the rulings.

The judge said the infringed patents, granted in 1972 and 1975, "literally created a new industry of substantial size". Worldwide sales of fibre optic cables totalled about $800m last year.

Airbus: call for US co-operation

BY GEORGE GRAHAM IN PARIS

A FRENCH parliamentary commission has called for increased co-operation between McDonnell Douglas, the US aircraft producer, and Airbus, the European consortium which is its rival in the civil aviation market, in a bid to ease the mounting tension between the US and the European Community over the way Airbus is financed by EC governments.

Senator Maurice Blin, presenting the commission's report, said the US and the EC must at all costs avoid coming to blows over the issue of Airbus, which American aircraft manufacturers, such as McDonnell Douglas and Boeing, accuse of being illegally supported by state subsidies.

The prospect of co-operation between the two aerospace groups has been frequently raised, including the possibility of working together on a stretched version of the Airbus A-320 airliner.

Mr Blin said it was ironic that the US was eager to continue the co-operation in aircraft engine production between General Electric and Snecma, the French state-owned aero engine producer which this week received a FFr2.5bn ($410m) state advance for the development of the Unducted Fan Motor, while claiming that the Airbus financing arrangements are against the General Agreement on Tariffs and Trade.

Japan's faulty trucks criticised

BY ROBERT THOMSON IN PEKING

THE Chinese government has made a rare public criticism of Japanese companies for allegedly having sold faulty trucks to Chinese corporations which "suffered economic losses" and are seeking compensation.

Relations between China and Japan have deteriorated this year, and Chinese officials have privately claimed that Japanese companies frequently offload shoddy products here, but have rarely identified them. However, a report in the People's Daily yesterday alleged that large shipments of Hino and Nissan trucks have been defective.

The official newspaper said that trucks were purchased by the State Bureau of Materials and Equipment from the end of 1985, and that drivers had complained of problems with brakes, windshields, tyres and the cab roof. The report also claimed some of 10,000 imported Nissan trucks had serious engine flaws.

Diplomats said the Chinese government was attempting to embarrass the Japanese companies into providing further compensation. Nissan has already given compensation to some of the owners of trucks with alleged flaws, but the People's Daily made clear that China expected far greater compensation.

Since the fall in mid-January of the Communist Party general secretary Hu Yaobang, Sino-Japanese relations have faltered, with Peking complaining of an increase in Japanese defence spending, a rise in militarism, a bilateral trade surplus in Japan's favour, and the reluctance of Japanese companies to invest here.

Japan and EC head for fresh clash on liquor

By Ian Rodger in Tokyo

JAPAN appears to be heading for a fresh row with the European Community over its taxes on alcohol. Recent reports suggest Tokyo will refuse to bow to EC complaints that the taxes discriminate against imported wines and spirits.

Last year Japan's Ministry of Finance proposed a partial reform of liquor taxes, but the European Commission dismissed these as unacceptable and filed a complaint at the General Agreement on Tariffs and Trade.

A Gatt panel sent a confidential report on the issue last month to the two parties. Last week stories appeared in the Japanese press claiming the report condemned Japan's liquor tax system as incompatible with Gatt rules. Mr Andreas van Agt, head of the EC delegation in Tokyo, said yesterday that 'we do not quarrel' with these reports.

The stories have given details of reforms that the Ministry of Finance apparently proposes to put forward early next year.

Finance Ministry officials have confirmed that they intend to propose revisions, but, according to the press reports, they will be virtually identical to those put forward last December.

That package consisted of the removal of the ad valorem portion of the current two-tier system so that tax would be determined solely on alcohol content. Also, two of the three classes of whiskies would be unified for tax purposes. But the higher class, into which fall most imported whiskies, would still attract a much higher rate of tax.

Those proposals were never enacted because the overall tax reform bill of which they were a part was withdrawn from the Diet (parliament). However, the EC then said they were unacceptable. It seems unlikely that the EC's attitude towards the reforms proposed last year will have changed.

One interpretation of the leaks is that they are related to the campaign to choose a successor to the Prime Minister Mr Yasuhiro Nakasone. It may be that some officials oppose reform and are trying to provoke one or more of the candidates into making an electoral promise not to remove the protection system for Japan's powerful drinks industry.

Trade war threat sparks row in Brazil

BRAZILIAN ministers were yesterday locked in fierce row over how to defuse a potentially explosive trade war with the US over Brazil's ban on imports of American computer software, writes Ivo Dawnay in Rio de Janeiro.

This follows the decision by the White House's Economic Policy Council to postpone temporarily plans to retaliate with punitive tariffs on selected Brazilian exports, despite pressure from US industrialists and a unanimous recommendation for action from the US Trade Policy Review Group.

Behind the US decision lay fears that worsened trade relations could jeopardise crucial talks due this month between Brazil and its bank creditors on the eight-month-old moratorium on payments on $68bn in longer-term loans.

The tariffs, which could hit Brazilian orange juice, footwear and car exports, had been widely expected by the US software industry after Brazil refused an import licence for the MS-Dos programme sold by Microsoft.

US diplomats believe that the ruling directly contravenes agreements between the two governments reached last June after a year of talks.

In Brasilia, the Itamarati - the Brazilian External Relations Ministry - is said to be angry with officials at the highly nationalistic Information Technology Secretariat (SEI) for pressing ahead with the impor' ban.

Senior diplomats have now informally urged the US to pursue appeal procedures before ordering retaliation. But it is by no means certain that the Brazilian body that will hear the case will order the ban to be lifted.

Much will depend on the position taken by President Jose Sarney in the dispute between the Itamarati and the Science and Technology Ministry, headed by a renowned protectionist, Mr Renato Archer.

While the president is anxious to avert worsened relations with the US, he is even more concerned not to alienate further his supporters in Congress, many of whom would back the import ban. Mr Sarney is currently engaged in an extremely delicate effort to win cross-party backing for his political programme.

The legal basis for the refusal of an import licence for Microsoft rests on the claim that a similar national equivalent software programme already exists. Ironically, Scopus, the Brazilian makers, have all but publicly admitted that their software is a direct copy of Microsoft's MS-Dos.

Lionel Barber in Washington on an uneven division of benefits

US-Canada trade pact disappoints

"TODAY CANADA, tomorrow the world," the New York Times declared in a ringing endorsement of the draft US-Canada free trade pact.

At this early stage, it seems fair to forecast that the prospect of a free trade zone between North America's two neighbours will enjoy overwhelming support in the US press. Protectionism rarely finds much favour in the editorial columns south of the Great Lakes and the US-Canada outline agreement reached 10 days ago will not prove the exception to the rule.

So the Reagan Administration has some powerful allies in the forthcoming struggle for public opinion. In turn, that should help shape the votes in the House of Representatives and US Senate needed to gain final approval of the accord between two countries whose annual trade already amounts to $135bn.

US negotiators, helped by a bevy of laywers, are now putting flesh on the agreement which has to be sent in final form to Congress by January 3 1988. The House and Senate will then have 90 days to approve the deal, under a "fast track" mechanism set up on the US side for negotiating, considering and voting on the trade pact.

Simultaneously, US officials have begun seeking the views of the two Democrat committee chairmen on Capitol Hill whose support will be vital next year: Senator Lloyd Bentsen of Texas, chairman of the Senate finance committee, and Representative Dan Rostenkowski of Illinois, who heads the tax-writing House ways and means committee.

So much for the political atmospherics: what about the substance of the pact?

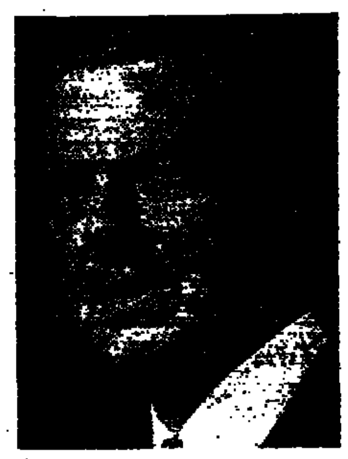
Despite presidential rhetoric about historic breakthroughs, many observers (including some US officials who have briefed reporters themselves over the past week) are reluctant to trumpet the pact as an earth-shaker.

A senior official at the US Department of Agriculture (USDA) noted, for example, the agreement to eliminate all agricultural tariffs within 10 years and to remove the requirement for licences for US wheat and grain shipments to Canada.

He admitted that the talks had failed to extend the free trade concept to dairy products, tobacco, peanuts and the tightly-regulated Canadian beer industry. But he said the two countries' agreement to exempt each other from their respective meat import law restrictions might lead to tougher competition for the US industry (though Canadians had skirted the rules in the past by shipping live animals rather than dead meat).

In sum, however, the USDA official reckoned that the net benefit would add some $200m to $300m to the annual bilateral trade of $4.7bn agricultural products. "It's not a massive increase but it maintains the momentum towards freeing up agricultural trade."

By contrast, senior US Treasury officials were gushingly supportive of the deal which they said provided a guiding light for the Uruguay Gatt round because it covered not only goods, but services too.



James Baker: late intervention

By the Treasury's estimation, Canadian screening of US investment will be lifted. US acquisitions of Canadian companies will also be treated less harshly. The gross asset threshold for triggering such a review will rise from $25m to $150m: in future, investors will only face a review if they buy a controlling interest in any of the 500 largest Canadian companies.

The Canadians agreed to scrap rules which require that foreign investors give Canadians a minimum equity position of between 10 and 25 per cent. That means that US companies can buy up to 100 per cent of a Canadian financial institution without review - aside from the six largest Canadian banks.

Last week, suspicions grew that Mr James Baker, US Treasury Secretary, whose late intervention in the talks forged a last minute agreement - had strongarmed the Canadians. Treasury officials involved in the talks denied this, but they could only single out one tangible benefit accruing to the Canadians in this area: exemption from the Glass-Steagal Act which separates commercial banking from securities underwriting and other investment activities.

The other main area of interest last week was the automobile and truck sector which accounted for $56.6bn in bilateral trade in 1985. In US eyes, their negotiators scored a political victory: US auto manufacturers such as General Motors, Ford and Chrysler will be able to manufacture cars and parts in Canada for duty-free sale in the US, but the same benefits will be denied to the Japanese and Koreans sending their cars through Canada into the US market.

The US-Canada free trade pact has arrived just as Congress is debating a wide-ranging Trade Bill with many protectionist elements. Nuggets like those contained in the auto pact are useful to throw into future negotiations with Congress on the content of a trade bill: they make it doubly hard for Congress to claim the high ground on protecting US industry.

On the other hand, Messrs Bentsen and Rostenkowski know how much the Reagan Administration wishes to put a US-Canada free trade pact on public display. The temptation to cut a deal on favoured parts of a Trade Bill, using the US-Canada pact as a bargaining chip, must be rated high.

TECHNOLOGY

Peter Marsh reports on efforts to develop commercial uses for algae

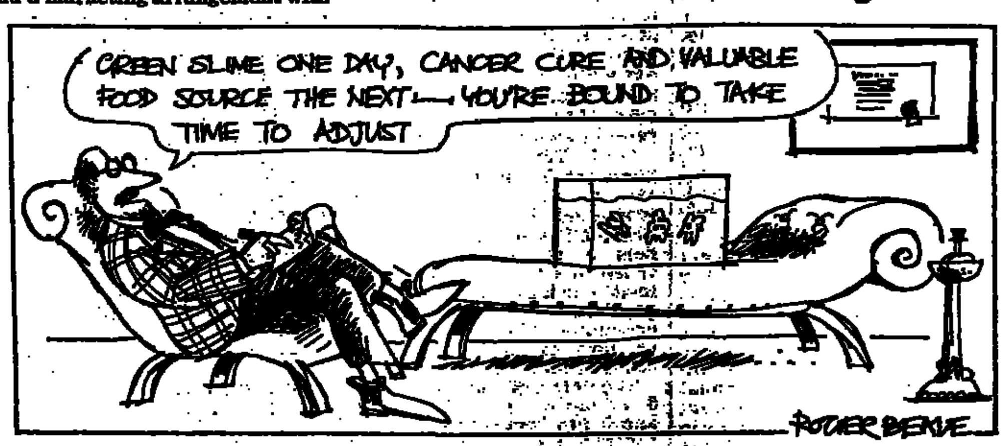
Stagnant ponds may find healthy markets

ALGAE - the tiny, primitive plants found in many natural sites from the soil to stagnant ponds - are among the most ubiquitous forms of life, but until recently have had little commercial use.

Matters are changing, however, as a small group of companies around the world seeks to exploit algae, grown using modern scientific techniques, for such applications as fish farming, food additives and anti-cancer treatment.

Leading the foray is Eastman Kodak, the US camera and film company which in recent years has diversified into high-tech areas such as biotechnology and electronics.

For the past year, Kodak has had a marketing arrangement with Microbio Resources, a San Diego company which grows algae in giant ponds under closely controlled conditions.



The camera giant is selling to food companies beta-carotene, a naturally occurring pigment obtained from Microbio's algae, and used as food colouring.

Other companies, including Photobioreactors of Britain and Betatene and Western Biotech of Australia, are using similar methods to produce beta-carotene which, besides its role as a food additive, may also, according to some physicians, help to prevent certain kinds of cancer.

Food companies are looking for new, non-synthetic ways to produce additives, such as beta-carotene, because of the increasing demand for fewer artificial colourings and flavourings. Such a preference is especially strong in Japan.

Beta-carotene - found in carrots but in minute concentrations - is normally too costly to produce in its natural form. As a result, most of the estimated $80m (£48.5m) worth of beta-carotene used each year to colour foods, such as margarine and orange drinks, is made artificially, with the leading suppliers including big chemicals companies like Hoffman LaRoche and BASF.

While algae production may also be useful to turn out in a wholly natural way other kinds of pigments used in colourings, its biggest potential could lie in providing food for fish. Cell Systems, a company in Cambridge, UK, is trying to raise £2.5m to finance a plant that would produce hundreds of tonnes of algae a year to use as a feedstock for fish and molluscs in fish farms, particularly in Asia.

With output from fish farms worldwide running to some 7m tonnes annually, Cell Systems believes the market for feed for fish farms from scientifically cultivated algae may run to hundreds of millions of pounds a year.

According to Bruce Hillcoat, an aquaculture specialist at Unilever, the Ango-Dutch conglomerate which runs fish farms in Scotland, India, Pakistan, Sri Lanka and Chile, scientifically grown algae would have to compete with the conventionally produced algae which form a large proportion of the food stock for fish farms globally. "In theory at least the manufactured algae could be produced more reliably," he says.

Microbio of the US is also interested in the fish-farm market. It has produced pigments used in this area which it has sold in test quantities to BP, the UK oil company, and Nisshan Flour Mills of Japan, both of which are involved in aquaculture.

At the heart of growing algae scientifically is the idea of greatly increasing the concentration at which they can be produced, compared with the wild. This is done by starting with a culture of microbiological material (similar to that found in fertilisers) and then subjecting this to carefully controlled conditions of temperature and pressure in fermenters, with the addition of other biological organisms at set intervals.

With such techniques, says Graham Johnson, managing director of Reading-based Photobioreactors, algae can be grown at a concentration of up to 10 grams a litre, which he says is 200 to 400 times denser than would be the case under natural conditions, in a garden pond for example.

The algae are subjected to continual checks on quality and are harvested at the optimum time, by physical and chemical separation methods. Beta-carotene can be extracted from certain kinds of algae in a later, separate chemical process.

In Photobioreactor's case, the company was set up last year to exploit biological work by Professor John Pirt of King's College, London. The company is growing its algae in a man-made pond shielded by plastic covering in an experimental plant at Reading University.

In the wild, sunshine is vital to algae production. It provides the energy to turn carbon dioxide and water to sugar, which in turn enables the algae to develop. While Photobioreactor's plant is exposed to the sun - indeed the company is thinking of moving to South Wales or Cornwall to get more of it - Cell Systems has developed a way of growing algae which does not depend on sunlight.

In Cell Systems' plant, which it thinks will be responsible for annual production of £6m worth of algae within the next few years, the biological culture is fed directly on a diet of sugar.

David Krempin, commercial development director at Microbio in San Diego, says his company's algae production has taken advantage of some of the US's best farming conditions - with non-stop sunshine virtually guaranteed at its algae farm in California.

This installation consists of eight ponds, each of one acre, and over the past three years has, says Krempin, produced $3m worth of beta-carotene obtained from algae by dissolving the microscopic plants in vegetable oil.

For his part, Larry Drumm, beta-carotene products manager at Kodak's bioproducts division, admits that beta-carotene, besides being an "unusual" substance for the company to sell, represents only a small market at present. He says the total world market for natural beta-carotene adds up to no more than $1m a year, though he thinks this will rise to $15m to $20m by 1992 as consumer tastes for natural foods become more entrenched.

Maps for the genetic detective

BY LOUISE KEHOE IN SAN FRANCISCO

A MAJOR step towards identifying the human genes that are responsible for hereditory diseases, and which seem to make some people predisposed towards developing heart disease, arthritis, some forms of mental illness and cancer, has been achieved by a Massachusetts genetic research group.

Sending the genetic research world into a flurry of excitement, Collaborative Research announced last week that it has developed a "gentic linkage map" of human genes. The map represents the first step toward developing a detailed picture of the human "genome", the blueprint of human chemistry.

The linkage map is akin to a list of almost 400 "landmarks" in the uncharted genome. Researchers who are trying to locate defective genes or those that cause disease can now narrow their searches to the approximate locations provided by the landmarks, or markers as they are scientifically termed.

The Collaborative Research map for the first time encompasses all 23 human chromosomes in human genetic material. According to the researchers, it is 95 per cent complete, although efforts continue to add more markers. Within a year or two, 600 to 900 markers may be identified, greatly enhancing the map, according to Dr Helen Donis-Keller, who led the genetic mapping effort.

However, true "maps" of the human genome, which would include fine detail of the relative positions of different genes and their sub-components, are still several years away.

Group power holds sway in the electronic office

BY ALAN CANE

PEOPLE like working together in groups - even in the electronic office. New figures from Pedder Associates, which monitors computer installations in the UK, shows that the greatest growth in office systems is in linked workstations which form "integrated office systems."

T" e market for these systems g.. by 50 per cent during 1986, with most activity in the 5-24 and 25-99 workstation sectors.

These meet the demand of work group activity where a number of staff work in a co-ordinated fashion on a common project or activity.

Wang had a good year in the 25-99 workstation category, and IBM dominated the 100-plus sector, although Thorn EMI's "Host" system also made a good showing in this area.

The figures come from Pedder's 14th annual UK survey. The report of the survey costs £1,250.00 and more information can be obtained on 01-878 9111.

WORTH WATCHING

Edited by Geoffrey Charlish

Take-off for the rugged portables

HUSKY COMPUTERS, rugged portable machines for use "on the move," are finding their way into a number of new applications, the latest involving airline, railway and insurance companies.

The machines, with the dimensions of a medium-sized book, obviate paperwork and speed up the recording of information and its despatch to a central company computer.

On Monarch Airlines, for example, Husky's Hunter machine provides screen and keyboard management of in-flight sales. On the ground, the Monarch mainframe loads stock and price details into the portable which is used in flight by the cabin staff as a sales entry device. It displays prices for the user and customer, and automatically adjusts the stock record of the aircraft. Reconciliation for the customs authority is made easy and then, after landing, the contents of the Hunter memory are emptied into the mainframe to produce management information and stock re-ordering data.

On French railways, 180 Hunters will soon be in use by inspectors at goods stations for recording and checking the composition of goods trains. The portable's stored data is then despatched over a telephone line into a Paris goods train administration computer.

Meanwhile, in the UK, the "Man from the Pru" will soon turn up on the doorstep with one of Husky's units, programmed to deal with the details of premium collection, arrears and other insurance policy matters. Prudential Assurance has 9,000 representatives in the UK dealing with 20m policies. The Husky unit will replace the representative's collection book and give him more time for sales and advisory activities.

A meeting of distant minds

A COMPACT colour video conference unit, which can be wheeled from room to room and costs £76,500, has been developed by Internet, which is part of Windsor Television, the cable television group. The unit allows up to six people to hold a conference with another six using a similar unit, so long as a suitable connection can be made to the location.

If the system is used within a cable television area, the cost is reduced to less than £30,000 because the cable network can be used to to carry signals without further processing. Signals are taken outside the area via a shared signal processing unit, which digitises and compresses them for onward transmission over telephone company digital links. But normally such a device, known as a codec (standing for compression/de-compression), is built into the system and sends digital signals straight into the digital telephone channel. (Codecs allow television signals to be accommodated within the capacity of available digital circuits.)

At each end of the conference link, with the people seated, a camera can be programmed to point at any participant - the chairman has a control unit. Two screens are provided to allow the face of any speaker to be seen at the other end, along with any document or slide (scanned on a special Internet unit). If necessary, either screen can be split into two or three to show more of the faces in the group.

An added advantage of the Internet unit is that it can be wheeled into the security room at night to provide screens for the surveillance camera network.

Electric fruits of the sea

THE COMBINED production of electricity and fresh water from surface thermal energy in sea water is now a worthwhile proposition, according to Argonne National Laboratory in the US.

The technology, ocean thermal energy conversion (OTEC), has been demonstrated on a small scale at the Natural Energy Laboratory in Hawaii. After further development, says Argonne, OTEC power plants could produce power and fresh water for island communities, using only energy from the sea. A 10MW plant could produce 5m gallons of fresh water a day and enough electricity for 10,000 to 20,000 people.

Warm water at about 78 deg F (25.5 deg C) is drawn into a chamber where the pressure is only about one per cent of atmospheric. Due to the low pressure, about one per cent of the sea water turns to steam and is used to drive turbines. It later condenses to fresh water by cooling in heat exchangers that use cold water drawn from a greater depth at 44 deg F (6 deg C).

The energy to pump the sea water and create the necessary low air pressure is only a small fraction of that generated by the turbines.

Point made for smaller shops

SMART TERMINALS of Stonesfield, Oxford, in the UK is attacking the electronic point of sale (EPOS) terminal market with £1,500 units which the company says will make EPOS more attractive to smaller retail outlets.

Each terminal (and three are just as economical as 64, the maximum) is separately connected by its own cable to price look-up and stock files held on semiconductor mass storage units. The company decided against local area networks and disc storage to obtain higher transaction speeds. With 64 terminals running and with laser scanning at the check-outs, the response time of the new TMR 8000 terminals is claimed to be less than one second per article.

Smaller retail outlets can add a back-office personal computer to enable clerical and stores staff to enter data, about deliveries for example, while owners or managers can obtain reports about stock levels and trading figures. All the files are updated as the transactions occur at the sales points.

Smart Terminals achieved a major success with its previous systems by equipping the Argos store chain in the UK with 200 terminals.

CONTACTS: Husky Computers: UK, 0203 668181. Internet: UK, 0753 840040. Argonne: US, (312) 972 5584. Smart Terminals: UK, 0993 898264.

UK NEWS

Employers seek new measures to spur investment

BY TERRY DODSWORTH, INDUSTRIAL EDITOR

BRITAIN'S employers yesterday rejected claims that City of London pressures on industry were inhibiting long-term planning and called instead for additional Government measures to stimulate investment.

Demand for a new approach by the Government followed publication of a Confederation of British Industry report which argued that the there was little real substance in the belief that the financial markets were forcing companies to concentrate too much on their short-term profits performance.

Although many British companies had given insufficient weight to long-term development, the report said, this arose mainly from underlying economic and political factors, including inadequate profitability, rather than City pressures.

The Government had an important role in correcting the causes of short-term bias, "not least in ensuring that public-sector purchasing is used to promote long-run industrial competitiveness, sterling remains competitive and public expenditure does not crowd out company investment."

The conclusions of the report, undertaken by a joint industry/City task force, were taken up by the CBI later yesterday at the first of the new three-monthly meetings of the National Economic Development Council, the forum made up of employers, Government and unions.

In a paper addressing the issue of improving the UK's industrial competitiveness, the CBI called for Government help in stimulating investment through reductions in corporate taxation

Details, Page 12; Lex, Page 18

Strong increase in output held at underlying rate of 5 to 5.5%

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT

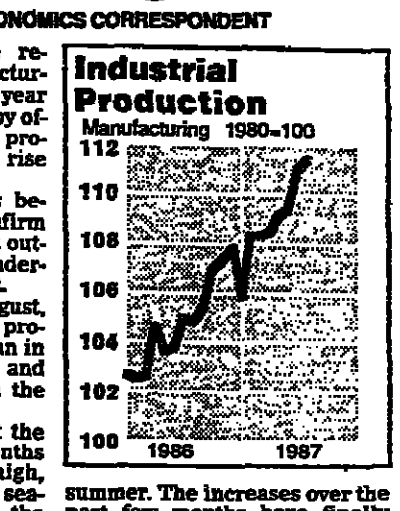
THE STRENGTH of the rebound in Britain's manufacturing output since early last year was underlined yesterday by official figures showing that production continued to rise strongly in August.

Government statisticians believe that the figures confirm their earlier judgment that output is now growing at an underlying rate of 5 to 5.5 per cent.

In the three months to August, manufacturing companies produced 1.8 per cent more than in the previous three months and 5.8 per cent more than in the comparable period of 1986.

Statisticians believe that the figures for the latest two months may be erratically high, reflecting problems with seasonal adjustments during the summer holiday period. But there is no sign of any weakening in the underlying upward trend.

After a pause in the early months of 1986, manufacturing output has since risen steadily, with the pace of growth accelerating after the pound's sharp devaluation at the end of last summer. The increases over the past few months have finally brought it back to the level seen at the last peak in 1979, although it is still below that seen in 1974.



Among the industries which have done particularly well are metal manufacturing where output is up by 13.8 per cent on a year earlier; motor vehicles and parts (also up 13.8 per cent); paper printing and publishing (up 9 per cent); and electrical engineering (up 6.9 per cent). The man-made fibres industry, however, remains depressed, with production 8.5 per cent lower than a year earlier, while the food industry has shown growth of only 2.9 per cent.

One blemish on an otherwise generally encouraging picture was provided by some downward revisions by the Central Statistical Office of their estimates of production in the second quarter of this year.

This suggests that recent growth in unit wage costs - a key indicator of inflationary pressures - has not been as subdued as previously thought. Figures to be published today by the Department of Employment are expected to show the annual pace of increase over recent months in unit costs at closer to 2 per cent than to the 1.2 per cent shown in last month's statistics.

Yesterday's output figures also show a rebound in North Sea oil production during August

Tighter City rules on investment delayed 6 months

BY ALEXANDER NICOLL, EUROMARKETS EDITOR

THE BRITISH Government yesterday announced a six-month delay in implementing a key clause in the *Financial Services Act* under which investors may sue for damages if they lose money as a result of a breach of rules by an investment firm.

Lord Young, Secretary of State for Trade and Industry, said the extension, from the scheduled date of next April, would allow investment companies a temporary breathing space in which "teething problems" - such as in administrative problems or computer systems - encountered in the introduction of investor protection rules could be sorted out.

The delay, of a part of Section 62 of the Act passed last year, applies to breaches of rules of self-regulatory organisations, the bodies which will authorise investment firms to do business and monitor their behaviour and their financial resources.

The decision was welcomed by securities houses which have lobbied for a delay. They have argued that the clause had made the framing of investor protection rules under the Act excessively complex.

Mr Andrew Large, chairman of The Securities Association, praised the more flexible attitude which he said had been shown recently by Lord Young and by the Securities and Investments Board, the umbrella regulatory body.

The Government move was attacked, however, by Mr Tony Blair, Labour Party shadow Minister for Trade, who said that he would seek a commitment from Lord Young that the clause would be implemented.

"My worry is that under the guise of dealing with administrative problems, there is a deep hostility to the idea of Section 62 and to individual actions for damages," Mr Blair said.

Lord Young, speaking at a Financial Times conference on the effect of the Act on international securities markets, said there was no question of abandoning Section 62.

An investor who lost money due to a firm's misconduct would be comforted little by the punishment of that firm, and a compensation scheme was also an incomplete and unsatisfactory answer, he said.

Lord Young, who said that the target for implementing the full investor protection framework would not be extended beyond next April, rejected suggestions that it would drive investment business away from the UK.

The Act, he said, was intended to make the UK financial services industry efficient and competitive. It was aimed to inspire confidence in London as a "clean" place in which to do business, as well as being sufficiently flexible to accommodate structural industry changes.

The growing flexibility of the SIB was shown by Sir Kenneth Berrill, its chairman, who told the conference the SIB's final rule-book, due to be published today, would broaden substantially the definition of "business investors."

Lex, Page 18

Bank shares dip on ownership ruling

BY DAVID LASCELLES, BANKING EDITOR

SHARES in UK banks fell sharply yesterday in the wake of Tuesday's statement by Mr Robin Leigh-Pemberton, the Governor of the Bank of England, laying out the new policy on bank ownership.

Hardest hit was Midland Bank whose shares fell by 6 per cent. Midland Bank has been at the centre of takeover speculation after the acquisition of a 6 percent stake by Hanson Trust, and a bid approach from Saatchi and Saatchi, the business services group last month. The shares closed at 518p, down 35p.

Among the other clearing banks, the Royal Bank of Scotland, long viewed as a takeover candidate, lost 20p before recovering to 422p for a loss of 10p on the day.

Takeover favourites among the merchant banks were also sold off. Morgan Grenfell fell 18p to 569p, and Kleinwort Benson lost 27p to 624p. The weakness of financial service stocks also spilled over into the insurance sector.

In his statement, Mr Leigh-Pemberton said that he did not think that banks at "the core of our financial system" should be controlled by industrial or commercial companies, or by institutions from abroad. He was commenting on the Bank's responsibilities under the new Banking Act which require it to apply a "fit and proper" test to anyone owning more than 15 per cent of a UK deposit-taking institution.

However he also made clear that the Bank intended to judge each case on its merits rather than apply hard and fast rules. He also implied that the Bank would raise fewer objections to takeovers of smaller banks or those who did not play a key role in the clearing system or in the supply of credit.

The statement was viewed in banking circles as marking a smaller relaxation of earlier controls on banks than had been expected.

Editorial comment, Page 16; Lex, Page 18

Teachers lodge claim for 15% pay increase

BY DAVID BRINDLE, LABOUR CORRESPONDENT

TEACHING PAY returned to the spotlight yesterday when the NASUWT, the main union in secondary schools in England and Wales, published a claim for a rise of about 15 per cent.

Although the long-running teachers' pay dispute ended only earlier this year with a settlement of 16.4 per cent over 15 months, the NASUWT said that pay rates since 1984 had improved by only 5.5 per cent above the non-manual workers' average.

The union, which gave a warning that it might return to disruptive action, said in its claim: "It would take only one imposed pay settlement below the non-manual index to snatch away the meagre fruits of the last three years."

The Government has abolished direct pay negotiations for teachers in England and Wales and appointed an interim advisory body to make recommendations for the pay settlement due next April. A green paper (discussion document) is due on longer-term pay determination arrangements.

Mr Fred Smithies, the union's general secretary, said: "The Government has forced collective bargaining away from the negotiating table and has thereby thrust a large element of teacher-employer relations into the public domain."

On the basis of non-manual workers' pay rates generally, the claim says that a graduate teacher at present receiving £8,200 after three years should be paid £11,470 in 1988; that the scale maximum (now £12,800) should be £19,000 without extra responsibilities and £22,900 (now £17,500) with them.

As a step towards these targets, the NASUWT says the increase next April should be the current rate of increase in non-manual earnings - assumed to be about 7.5 per cent - plus a further 7.5 per cent. The Education Department costs this at £1bn.

Although teachers are thought at present to have little stomach for further strikes, Mr Smithies said disruptive action could be contemplated if a settlement was inordinately delayed, if a settlement was too low, or if negotiating rights were not restored for 1989.

Similarly, Mr Smithies warned that any introduction of regional pay variation would make teachers "quite fractious." But he accepted that some action might be necessary to counter the high cost of housing in the south-east of England.

In Brief

Rolls-Royce in $115m high-tech engine deal

Rolls-Royce has won a £70m order from Ansett World-Wide Aviation Services of Australia, for RB-211-535E4 high-technology engines in six Boeing 757 airliners ordered by the aviation leasing group, Michael Donne writes.

The value of the order includes initial supply of engines for the twin-engined 757s and servicing support during operational service.

The 535 engine has now been specified by 16 of the 21 customers for the Boeing 757 so far. Deliveries are due to start early in 1989.

●WINGS WEST, a US regional airline, has placed a $65m (£40m) order with British Aerospace for 15 19-seat Jetstream Super 31 twin-engined, 19-seater aircraft.

Ireland to cut spending

Irish Government spending will drop in real terms during 1988 for the first time in 30 years, by almost £400,000,000.

Waite appeal

The Archbishop of Canterbury has written to Libyan leader Col Gaddafi for his help to secure the release of missing church envoy Terry Waite.

Vauxhall strike likely

Manual workers at Vauxhall Motors' car plant at Luton seem increasingly likely to strike from Friday afternoon in a dispute over the recalculation of productivity bonuses.

Warning on refugees

Mr Douglas Hurd, Home Secretary, warned of a flood of "bogus" applications for refugee status following an Appeal Court decision that six Tamuls be allowed to stay in the UK.

Paisley heckles Hillery

The Rev Ian Paisley staged a one-man banner-waving protest against Ireland's President as Dr Patrick Hillery began a speech to the European Parliament praising the Common Market.

Dockland's first flight

The first flight into London's docklands from the newly-built Plymouth airport inaugurated a regular passenger service to Paris and Brussels.

Soccer arrests

Eight men, alleged to belong to a notorious gang of soccer hooligans known as "the Zulu Warriors," were arrested by West Midlands police, bringing to 45 the number detained in a major crackdown on organised football violence called "Operation Red Card."

Talks on hooligans

European troubleshooters met in London to explore new moves to combat football hooliganism in the first conference of its kind in which the finishing touches will be put to a new international information network aimed at beating soccer thugs.

Cheese production cut

Traditional English cheese makers, forced to stop production because of a milk shortage caused by EC regulations, are in danger of losing their markets to dairy farmers in Northern Ireland.

Transplant for baby

A five-month-old baby girl became Britain's youngest living heart transplant patient after a 6½-hour operation.

Belfast clean-up

More than £150,000 is to be spent giving Belfast a better image through a major advertising and promotional campaign to revive the heart of the city that a decade ago was virtually deserted after dark because of the IRA bombing campaign.

Library warning

Labour Party spokesman on arts Mr Mark Fisher pledged that there would be "bitter resistance" to any Government moves to privatise Britain's libraries after Arts Minister Richard Luce suggested that libraries look for joint partnership opportunities with the private sector.

Unemployment falls slightly in rural areas

BY ANDREW TAYLOR

Rural unemployment in England fell slightly last year in spite of the loss of a further 7,000 agricultural jobs, according to the annual report of the Development Commission.

The government-funded agency said the average rate of unemployment in rural development areas in England fell from 10.4 per cent to 9.7 per cent last year.

Lord Vinson, commission chairman, said the improvement was no cause for complacency. The number of people unemployed in rural areas remained high. Jobs were likely to continue to be shed as the shake-out in agriculture continued.

Large numbers of jobs were also being lost from industries which service farms. Companies creating jobs were much more likely to come from service sectors such as tourism and leisure and from high technology companies.

"High technology activities like computing are often extremely appropriate to the countryside, requiring less workspace than traditional industries and able to operate without affecting the environment," said Lord Vinson.

More than a quarter of companies assisted by the Council for Small Industries in Rural Areas, the commission's principle agency for helping companies create jobs, were involved in applying new technologies in areas such as plastics, electronics, clothes, food and drink production.

Service industries, particularly in leisure and tourism, accounted for 17 per cent of companies assisted.

"Contrary to what one might expect only 14 per cent of firms helped are the traditional country crafts such as pottery and farriery," said the commission. Lord Vinson said that during 1986 the commission had:

- Let a record 584 workshops providing about 2,900 job opportunities; it had also invested £14.56m to build new workshops.
- Approved 344 grants under the Redundant Building scheme which had attracted £14m in private finance at a private/public funding ratio of three to one.
- Offered grants totalling more than £1.1m under rural development programmes with funding from other sources matching the commissions grants on a ratio of four to one.

Other programmes had included topping-up schemes for housing and transport facilities.

Seat expects big rise in import sales

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

SEAT, the Spanish company owned by Volkswagen of West Germany, expects to increase its UK car sales by a further 75 per cent next year to 15,000.

As a result, the company set up to import the Spanish cars, Seat Concessionaires UK, a Lonrho subsidiary, should break even in 1988, said Mr Guy Sinden, acting chief executive.

Seat UK yesterday celebrated its second anniversay and in its two years it has sold 14,000 cars and established a dealer network of 130.

Mr Sinden said the dealer network was "generally very profitable" and that Seat car sales had been built up without massive marketing support or distress marketing while the UK car market had been plagued by European over-capacity, heavy discounting and retailers' complaints about low profitability.

It has not been all plain sailing for the new company, however: in June this year Mr Doug Clare, managing director, resigned unexpectedly. It is believed he left because Seat UK was not making financial progress fast enough to please Lonrho.

The company incurred a £4.24m loss in its first year of trading on a turnover of £18.87m.

Mr Sinden said it would probably be a month before a decision was made about Mr Clare's replacement. The signs are, however, that Seat might be drawn much closer to VAG (UK), another Lonrho subsidiary and the importer of VW and Audi vehicles to Britain, although Seat would continue to have its own, separate dealer network.

Mr Sinden said Seat would sell about 8,500 cars in the UK this year, against a target of 9,000, because the Spanish group could not keep pace with demand throughout Europe. Seat aimed to produce about 390,000 cars in 1987 but will turn out 410,000.

In the long term, the company wanted between 150 and 200 dealers in the UK, to achieve a 1 per cent market share by the end of 1988 and eventually 1.5 per cent.

Anti-skid braking system produced by joint scheme

BY JOHN GRIFFITHS

A FIVE-YEAR joint development programme involving Mazda and Sumitomo of Japan and Lucas Girling of the UK, has resulted in the launch of an advanced electronic anti-skid braking system on Mazda's new 626 car range.

The four-channel system, claimed to be a "world first" in terms of its sophistication, is being produced for Mazda by Sumitomo Electric Industries under a technology agreement with Girling.

Lucas Girling is receiving a royalty on each unit as well as a development fee from Sumitomo. Both are of undisclosed size.

The deal is not a straightforward licensing arrangement - as is the case with many other Lucas Girling contracts with Japanese component and vehicle makers - as it has involved Lucas and Sumitomo developing complementary parts of the system in parallel.

Anti-skid control is applied to each wheel individually. The pumping motion usually felt through the brake pedal when such systems are in use is claimed to have been eliminated, and other safety measures include duplicated computers within the control system which continually cross-check data for accuracy.

Potential production volumes are not yet known. The system is being offered as an option on some models and is standard on others. Last year Mazda produced 245,363 of the 626s, according to data from consultants PRS, but hopes for higher sales of the new 626 range.

Girling said yesterday it did not know whether Sumitomo would later be free to sell the system to other Japanese producers.

The system will not be offered in Europe. Girling revealed several weeks ago that it has developed its own advanced electronic anti-skid system to offer to European vehicle makers which, it claims, could undercut the price of rival European systems by more than half.

It could be offered for as little as £375-£400 if production volumes were high enough, claimed Girling. BMW currently charges £1,147 for anti-skid braking as an option.

Manufacturers on target to increase car output

BY KENNETH GOODING

CAR production is on course to reach 1.175m this year and 1.2m in 1988, the Society of Motor Manufacturers and Traders, said yesterday.

This follows a steep fall in production from 1.07m in 1979 to only 887,700 in 1982. Since then annual output has been about 1m. Last year the total was 1.018m.

The major factor in the improvement has been the attempts made by both Ford and General Motors, the Vauxhall group, to provide more cars from their UK factories to compensate for the increase in the value of the D-Mark against sterling, which has made imports from their continental European plants much more expensive.

The society pointed out that in the first eight months of this year Ford's car output jumped by 26.6 per cent to 261,207 and Vauxhall's by 16.9 per cent to 118,201.

Increases by the UK-owned companies were not so spectacular. The state-owned Rover group pushed ahead by 9 per cent to 303,075 cars in the eight months, a time when its UK market share has languished at just over 15 per cent against 16 per cent last year. Exports accounted for most of the rise in its car production.

Jaguar's output, at 30,806, was 12.3 per cent up on the first eight months of 1986.

This helped total car production in the UK in the first eight months improve by 14.1 per cent or nearly 100,000 to 658,830, according to figures soon to be published in the society's Monthly Statistical Review.

Evidence of growth in Welsh economy

By Anthony Moreton, Welsh Correspondent

FURTHER EVIDENCE of the strong growth in the Welsh economy came yesterday with official figures showing that the index of production and construction rose by 2 per cent in the second quarter of the year compared with the first three months.

The index itself reached 103.1 (1980 = 100) at the end of the quarter.

Compared with a year earlier the rise was even more significant, reaching 5 per cent.

Manufacturing output alone rose by 2.8 per cent during April, May and June and by 5.7 per cent over the 12 months.

Had it not been for a few sectors, such as coal, gas, electricity and textiles, which all fell back quite sharply over the 12 months, the rate of growth would have been much higher.

Because of a change in the method of computation it is not possible to make fair comparisons back beyond the start of 1985 according to the Welsh Office. The present standard industrial classification, on which all the statistics are based, now differs considerably from earlier days and the Government warns that any comparisons should be made with great care.

Nevertheless, it is clear that electrical and instrument engineering, mechanical engineering, the food, drink and tobacco sector, metal manufacturing and gas and oil extraction are moving ahead strongly.

Electrical engineering rose by 16.3 per cent over the 12 months, with the index standing at 143 at the end of the second quarter. Even this figure was not far ahead of paper and printing, on 137, although that sector had a relatively modest increase over the year.

The longer-term figures also offer hope for the Welsh economy because some of the strongest growth is coming from the investment goods sector. Construction is also moving ahead strongly.

The Star loses Co-op advertising

By Raymond Snoddy

THE STAR newspaper yesterday lost its second big retail advertiser when the Co-operative Wholesale Society decided to follow Tesco in withdrawing its advertising.

Mr David Skinner, CWS deputy chief executive, retail and service, said yesterday: "We have been seriously disturbed by the change in the nature of The Star in recent weeks."

The CWS, which handles most of the Co-op's national advertising, said the decision would affect advertising worth about £360,000 in a full year.

Mr Andrew Cameron, managing director of Express Newspapers, which publishes The Star, said yesterday he was surprised at the timing of the CWS's decision which came as moves were under way to make The Star a more balanced newspaper.

Whitbread staff changes

By Lisa Wood

WHITBREAD, the brewing and retailing group, has re-organised its senior management and appointed a new main board director.

Mr Peter Jarvis, managing director, will relinquish day-to-day management responsibilities for the core brewing business in order to enable him to devote more time to strategic issues. He retains responsibility for North America and the group's retailing activities.

The new post of deputy group managing director will be filled by Mr Bernard King, managing director of Whitbread Trading, which operates the 4,700 tenanted public houses and sales to the free trade. He will be responsible for beer and public house activities.

Mr Tim Thwaites, managing director of the retail division, has been appointed to the main board.

Three-year plan to improve BSI

By Fiona McEwan

THE BRITISH Standards Institution is to be restructured over the next three years in an attempt to improve its service to industry regarding the quality controls it needs to compete in world markets.

In its annual report published yesterday, the body disclosed strong growth in the past year in its market-oriented services to industry. Turnover of its quality assessment service rose 29 per cent and its testing service showed 20 per cent growth in business over the year. Building components, electrotechnical and telecommunications equipment were the main growth areas.

The production of BSI standards showed an increase of 7 per cent, with 709 new and revised standards published in the year.

Andrew Taylor on concerns about how housing plans will affect the most deprived

Associations worry over home economics

NORTH Housing Association, founded in 1935 by the father of Mr Nicholas Ridley, Environment Secretary, owns more than 20,000 homes across 6,000 square miles of northern England. In May this year the association successfully raised £65m on the London Stock Exchange.

Compare this with Threshold Single Persons Housing Association, which own just over 700 properties in west London. The association has recently started using low start, index-linked building society mortgages to help finance one or two schemes but lacks the size, track record and expertise it will need if it is to raise private funding on any large scale.

The plight of some of the black housing associations, which have sprung up recently, is even worse. Their properties, in some of the most run-down areas of Britain, appear to offer little security or attraction for private investors.

Yet the Government expects housing associations such as North, Threshold and the black associations, which since the 1974 Housing Act have been funded almost entirely by government grants, to find a greater proportion of their funds from the private sector in future.

The diversity of the housing association movement means that different horses will have to be found for different courses if the Government's plans are to succeed. Most associations will not be able to issue their own bonds as North has done.

To overcome this problem the Housing Corporation, which administers grants to housing associations, and the National Federation of Housing Associations will next month launch an independent investment body. It will raise money from capital markets to lend to packages of schemes proposed by indivdual associations.

The schemes will continue to receive partial subsidy from Housing Corporation grants but rents will have to be high enough to repay interest and capital on money raised from the private sector.

Higher rents will apply only to schemes built under the new arrangements. The Government says tenants unable to pay these higher rents will be subsidised through housing benefit.

Large housing associations such as North are expected to devise their own arrangements. James Capel, the London stockbroker owned by the Hongkong and Shanghai banking group which organised North Housing Association's bond issue, says it is working on 14 similar schemes for other housing associations.

There are more than 2,500 voluntary, non-profit-making housing associations in Britain, committed to providing rented homes for deprived people who cannot afford to buy their own homes and are unable to find local authority acommodation.

Nicholas Ridley: father founded an association

They own more than 500,000 properties housing more than 1m people. Some, such as Peabody Housing Association, began in the last century when Victorian philanthropists concerned at the state of workers' accommodation set up a series of charitable/housing trusts.

Many associations remain concerned about the Government's policies, which will mean an end to Fair Rents for new lettings - although existing tenancies will continue to be protected.

One of the the biggest reservations, according to Mr Paul Rydquist, director of Threshold, is whether the Government will be prepared to finance the large rise in housing benefit which associations say will be needed if rents are to be increased more in line with costs.

About 70 per cent of housing association tenants already receive housing benefit. Others will be brought into the benefit net as rents rise.

"Worse off will be those on low incomes who do not qualify for housing benefit, or receive only a small amount of subsidy. Many will find that they are better off unemployed having the whole of their housing cost met from benefit," says Mr Rydquist.

A study by the London Housing Associations claimed that a nurse earning £115 a week could have to pay £43.85 a week rent for a 50 per cent privately-financed housing association scheme. This compared with a rent of £17.50 under Fair Rent arrangements. The nurse, in spite of being £26.35 a week worse off, would not be eligible for housing benefit, said the associations.

The Government argues that the system will provide a safety net for those who need it but that those who can afford to pay higher rents should do so to allow aid to be better directed at those who really need it. It intends to introduce measures to prevent unscrupulous landlords from milking benefits by forcing up rents.

Associations are also concerned that finance raised from the private sector should be regarded as additional money and not as a lever to reduce public exependiture.

Mr Alan Kilburn, chief executive of North Housing Association says: "We should regard this as an opportunity to put more money into housing for those in need. If we can achieve that we will have succeeded. It would be a disaster if the proposals are simply to be regarded as a means of achieving the same results for less public money."

Still to be decided is what proportion of private sector finance will be regarded as appropriate for mixed-funded schemes. Mr Ridley has accepted that subsidy levels will have to vary in different parts of the country.

Associations will need to be convinced that money available for new developments will increase as a result of the new arrangements and that the cost will not be so big that it forces their traditional customers out of the only market available to them.

Butlins to upgrade Ayr site

BY JAMES BUXTON, SCOTTISH CORRESPONDENT

BUTLINS, the holiday company, is to spend £25m on upgrading its Holiday World at Ayr of which £12m is to be committed before the complex reopens next spring.

The Ayr Holiday World is the fourth of Butlin's five such complexes - once known as holiday camps - to receive significant investment. Ayr Holiday World, which lost money last season, would have closed if Rank Organisation, which owns Butlins, not approved of the expenditure.

Some £5.5m of the initial investment is to be spent creating a sub-tropical water-world, consisting of a set of pools, slides, rapids and waterfalls with a simulated beach.

The upgrading of some of the accommodation to three-star hotel standard will cost £3m. Further upgrading will continue over the next few years. Tarmac has been appointed main contractor.

The investment programme will be helped by a grant of £1.2m from the Scottish Tourist Board, the largest the state-funded organisation has made.

Mr Alan Devereux, STB chairman, said yesterday he expected the revamped Holiday World to create 1,100 direct and indirect jobs by 1991.

Manufacturing 'on par with competitors'

NICK GARNETT

MANUFACTURING in the UK has revived to such an extent that it has put Britain on a par with industrial competitors, according to a report on behalf of the Economic League.

The report, by Mr William Manser, former economic adviser to Baring Brothers and the British Institute of Management clears managers of blame for the decline of manufacturing.

It says causes which were specific to the UK included poor industrial relations, government intervention, and the fierce price rises of the 1970's.

British Manufacturing - Its Record and Prospects. The Economic League, 7 Wine Office Court, Fleet St, London EC4A 3BY. £5.

UK NEWS

Thames Water calls for changes to sell-off plans

BY RICHARD EVANS

MINISTERS have been warned by Thames Water, the biggest and most profitable of the 10 water authorities in England and Wales, that unless they modify their plans to privatise the industry, flotation should be shelved indefinitely.

In its response to the Government's controversial privatisation proposals sent to Mr Nicholas Ridley, Environment Secretary, yesterday, Thames is fiercely critical of the plan to hive off all regulatory and water management powers to a state-controlled quango, the National Rivers Authority.

A similar response came from North West Water, which also published its submission yesterday. It called for a single, smaller regulatory body for the industry with no operational functions, and urged the preservation of as much as possible of the integrated river basin management system.

The responses mean that Mr Ridley continues to be faced with major political problems from the industry as he completes plans for privatisation. Only one authority, Severn-Trent, has come out wholly in favour of his proposals, with a second, Anglian Water, in favour with reservations. The remaining eight are hostile in varying degrees.

The final negotiation process will start shortly, with the prospect of a bruising confrontation between the Government and important sections of the industry before a flotation bill is prepared for the next parliamentary session.

Thames stresses that it remains a firm supporter of privatisation. However, it concludes that the Government's plans would downgrade service to customers, reduce the attractions of flotation to prospective shareholders and cause disruption to staff.

It argues that the responsible protection of the public interest is compatible with the required freedom of management action for privatised companies, without eroding the range of activities for which the water authorities are responsible. "The Government's proposals cannot reconcile that situation and in consequence break up the industry as a cohesive entity," the submission states.

Thames recommends the allocation of public sector responsibilities between the Environment Department and the Ministry of Agriculture, the proposed director general and a much smaller NRA, probably employing 200 to 300.

Fifth TV channel study to be ordered

By Raymond Snoddy

FEASIBILITY studies are to be commissioned into the technical and financial prospects of a fifth television channel and microwave programme distribution (MVDS).

The Trade and Industry Department and the Home Office have asked several consultancies to submit proposals for an MVDS study.

MVDS - multi-point video distribution system - is capable of transmitting about 10 channels over a radius of several miles. The study on a fifth channel is to be undertaken by the DTI and the Home Office in collaboration with the BBC, the Independent Broadcasting Authority and other interested parties.

Ministers from both departments emphasised yesterday that the studies were intended to give an up-to-date assessment of the technical options. No decisions had been taken to authorise such services or make spectrum available for them.

"The Government would not reach any such decisions without first considering carefully the possible impact on existing and prospective services including the terrestrial broadcasters, DBS (direct broadcasting by satellite) and cable," the DTI said yesterday.

● Mr Michael Checkland, BBC director general, said yesterday he believed that subscription television was a viable option for funding new services.

It was proposed to use BBC 2 transmitters after regular programmes were over to broadcast a nighly hour-long specialist news and feature service for doctors.

Ronson charged on eight offences

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

MR GERALD RONSON, chairman of the Heron Corporation, the UK's second largest private company, appeared at Bow Street magistrates court in London yesterday on eight charges arising out of the Guinness affair.

The charges include two alleging the theft of £2.875m and $4.8m (£2.9m) from Guinness.

Mr Ronson was remanded until November 6 on £500,000 bail.

Bail was granted on two securities of £250,000. They were given by Mr Trevor Chinn, of Phillimore Gardens, Kensington, London, who holds a senior position in the Lex Group, and Mr Harvey Soning, of Cavendish Avenue, St Johns Wood, London, who was described in court as senior partner of a well-known firm of estate agents.

Gerald Ronson arriving at Bow Street magistrates' court

Mr Ronson was ordered to surrender his passport to the police. If he wants to go abroad he must apply for its return 48 hours before departure, giving details of the date and time of departure, the reason for travel, the destination and return date. The passport has to be returned to the police within 24 hours of his return to the UK.

Mr Ronson, accompanied by his barrister, Mr Tim Cassel, and solicitor, Lord Mischon, refused to speak to journalists as he left the court.

Mr Victor Temple, prosecuting, said said Mr Ronson currently faced eight charges. These allege he:

1. Dishonestly and with a view to gain for Heron Managements falsified an invoice by making an entry which was or might have been misleading, false or deceptive in that it purported to show that £2.875m was due from Guinness to Heron Managements for services rendered.
2. Procured the execution of a valuable security: a document from Guinness authorising the payment of £2.875m to Heron Trust Corporation by deception, by falsely representing that Heron Managements had rendered services to Guinness genuinely valued at £2.875m.
3. Stole £2.875m from Guinness.
4. Falsified an invoice purporting to show that $4.8m was due from Guinness to Pima Service Corporation for professional advice provided in connection with the Distillers acquisition.
5. Procured a document from Guinness authorising the payment of $4.8m to Pima Savings by deception by falsely representing that Pima Service Corporation had provided professional advice for Guinness.
6. Stole $4.8m from Guinness.
7. Conspired to create a false market in Guinness shares.
8. At a time when companies in the Heron group were acquiring or proposing to acquire Guinness shares, aided and abetted the giving by Guinness of financial assistance (an indemnity in respect of all losses that might arise out of the purchase and subsequent holding of Guinness shares and an agreement to pay a fee if the Guinness bid for Distillers was successful) for the purpose of that acquisition by H. H. Investment Trading Ltd and National Insurance and Guarantee Corporation Ltd, companies in the Heron group.

SE warns firms on backlogs

BY CLIVE WOLMAN

THE STOCK EXCHANGE has written to nine member firms which have a particularly serious backlog of unsettled bargains and informed them they are on a shortlist in danger of having their trading restricted.

The restrictions on the volume of bargains they can carry out on their own or as agents will be applied possibly from the start of the next stock exchange account on October 26. Any restrictions imposed will apply for a minimum of two accounts or four weeks.

Officials from the Exchange,s settlements department are to meet within the next week with the firms to find out the causes of their settlements backlog and what form of restrictions would be most effective in allowing them to catch up.

On August 24, the Exchange wrote to 42 firms with settlement backlogs to tell them that measures would be taken against them unless they improved their procedures. About 15 of those firms have now been dropped from the list because they have made substantial improvements.

A similar number have been told that no action will be taken against them immediately, but that their performance is not yet satisfactory and will continue to be monitored.

In addition to imposing trading restrictions, the Exchange on previous occasions has also threatened to fine firms responsible for large backlogs, to publish their names and to buy in compulsorily the shares needed to settle outstanding bargains.

How law defines theft and appropriation

BY A.H. HERMANN, LEGAL CORRESPONDENT

ONE should not be unduly impressed by the great number of the new criminal charges made in the Guinness affair - 37 against Mr Ernest Saunders and eight against Mr Gerald Ronson. They are greatly inflated by listing individual acts under several legal headings. Thus the first three charges against Mr Saunders, of false accounting, dishonest payment and stealing all relate to the same operation in which Heron Trust was paid £2.875m to buy Guinness shares.

All the charges concern only one big scheme: to jack up the price of Guinness shares to make them more attractive to investors invited to take them in exchange for Distillers shares. Everyone will readily accept that this was an impermissible manipulation of the market and a fraud on investors, though not everybody on either side of the Atlantic feels innocent enough to throw the stone.

What is somewhat confusing is that individual steps in this fraudulent scheme are described as theft. It does not correspond with the ordinary, non-legal understanding of the term. This also explains Mr Saunders's loud protest, when leaving court, that he did not put his hand in the till to enrich himself.

One normally thinks of a thief as someone who takes another's property for his own gain. This may be very close to the classic definition of theft in continental criminal codes but is far from the rather obscure meaning which "theft" has in English law.

Section 1 of the 1968 Theft Act says: "A person is guilty of theft if he dishonestly appropriates property belonging to another with the intent of permanently depriving the other of it."

But this is not the end of it. Mr Saunder's protestation that nothing he did made him any richer is of little significance: Section 1(2) of the act says it does not matter whether the "appropriation" is made for the thief's own gain or benefit.

What then is appropriation? The act says it is any assumption of the rights of another. Paying for the purchase of the company's own shares is, on the part of a single director, assumption of rights which the company can exercise only by a special resolution.

Mr Saunders is on weak ground here even if he could claim the payment was allowed because it was in the language of Section 153 of the Companies Act 1985 "part of a wider scheme" and made "in good faith in the interest of the company."

Should he claim it was not his intention that the company should permanently lose the monies he paid out, but expected them to come back, possibly with a profit, he would come up against Section 6 of the Theft Act, which does not allow such defence if there was an intention "to treat the money as his own to dispose of regardless of the other's rights."

Finally, to be guilty of theft it must be shown that what he did, he did "dishonestly". Under Section 2 of the act the "appropriation" of the millions paid out would not be dishonest if he acted "in the belief that he has in law the right to deprive the others of (the property) on behalf of himself or of a third person." The defence under this provision will depend heavily on evidence about the legal advice on which the accused was acting.

However, the second leg of Section 2 may be more useful to the accused in the Guinness affair. It excludes dishonesty, and consequently theft, if the perpetrator "appropriated the property in the belief that he would have the other's consent if the other knew of the appropriation and the circumstances of it" - in other words, that Guinness shareholders would have approved if they had known.

In short, the accusation of theft will be easier to defend than the manipulation of the market to the detriment of Distillers shareholders and management.

Further Spycatcher appeal allowed

BY CHRIS SHERWELL IN SYDNEY

THE GOVERNMENT yesterday won leave to appeal to Australia's High Court against a New South Wales Court of Appeal decision allowing publication in Australia of the book Spycatcher.

The development came one day after the memoirs of former MI5 officer Mr Peter Wright went on sale in Australia to an enthusiastic response. A British application to prevent such publication until after the appeal was turned down.

Under the terms of yesterday's order, the Government must file submissions to the High Court by mid-December. Mr Wright and Heinemann Australia, his publisher, must file theirs by February.

The appeal is likely to be heard over some 2½ days, later in the year. But the court warned that the leave to appeal could still be withdrawn if circumstances changed.

● Derbyshire county council's campaign to stock Spycatcher in its libraries began in the High Court yesterday. It applied to Mr Justice Knox to vary the injunction banning newspapers from publishing extracts from the book, upheld on July 30 by the House of Lords, pending the Attorney General's claim for a permanent order

Nato frigate indecision attacked

By David Buchan

THE GOVERNMENT'S indecision over joining in the building of a common Nato frigate was attacked yesterday.

It was jeopardising the money and effort UK industry had put into jockeying for the best positions in the international consortium to design and produce the so-called NFR-90 ship said Mr Brian Outhwaite, chief executive of Supermarine Consortium, a nine-company group formed to represent UK industrial interests in the £10bn project.

It seems likely the UK will sign the NFR-90 memorandum next week but the Defence Ministry has been deeply divided on the timing of development of the frigate and associated weaponry.

Because of this the Treasury has been baulking at paying its £8m share of the costs of the project definition stage being launched next week.

Poll tax 'will sharpen inner city problems'

By Ivor Owen

GOVERNMENT proposals for replacing domestic rates with a poll tax and instituting a uniform business rate will intensify problems faced by many run-down English inner cities, Mr Jack Cunningham, Labour's shadow Environment Secretary, claims today.

In a statement issued from Labour's headquarters, he contends that analysis of figures obtained from the Department of the Environment has produced results which "make a mockery" of the pledge given by the Prime Minister immediately after the June general election to do more for the inner cities.

Mr Cunningham asserts that Westminster Council is set to lose more than £400m and the City of London even more.

Councils "in crisis", such as the London Borough of Camden, would be in an even worse position through the introduction of a uniform business rate.

A "league table" based on comparing an estimate of the non-domestic rate received by local authorities in the current financial year and assumptions made about the impact of the Government's rate reform proposals shows that London councils would all suffer a loss of rate income.

Meacher urges action on executives' salaries

BY IVOR OWEN

CONTROLS TO prevent company executives securing extremely high salaries were demanded by Mr Michael Meacher, shadow Employment Secretary, yesterday.

He said that Britain had half-a-dozen top directors with salaries in excess of £1m a year. He claimed that such a scale of rewards, so lopsidedly tilted towards marketing, underplayed the real dynamic within the economy, the sources of innovation and creativity.

"No economic system can maximise its potential when it pays its scientists, researchers, inventors, designers and engineers within the £10,000 to £25,000 range, yet pays a man who markets stocks and shares abroad 100 to 250 times as much," he said.

He also called for the banning of discriminatory share option schemes stimulated by the 1984 Finance Act, which were on the point of producing "the most enormous windfalls of all" - having acquired tax-free status after the requisite three-year delay in exercising them.

Mr Gordon Brown, the shadow Chief Secretary to the Treasury, supported Mr Meacher by promising that Labour's fair tax campaign would focus on the "growing scandal of multi-million pound share option schemes."

He said these were allowing a group of company directors to escape income tax.

Kinnock joins Young row

By Ivor Owen

MR NEIL KINNOCK, Labour Party leader, last night intervened in the campaign to prevent Lord Young, the Trade and Industry Secretary, becoming the next chairman of the Conservative Party.

He wrote to Mrs Margaret Thatcher, the Prime Minister, pointing out that neither she nor Lord Young had ruled out the possibility of his taking over the party chairmanship continuing to head the Department of Trade and Industry.

Mr Kinnock said "constitutional probity" required the Prime Minister deny at once that such a dual appointment was in prospect.

He said it would be "constitutionally improper" for the Trade and Industry Secretary - with all his dealings with business and industry - to be Conservative Party chairman which would involve seeking money from companies.

Saatchi carries out further rationalisation

By Feona McEwan

SAATCHI & SAATCHI, the advertising agency, has taken a further step in rationalising its global networks with the announcement that its London agency, Dorland, is to become an independent affiliate of its newly-formed group Backer Spielvogel Bates Worldwide.

This gives Dorland, the UK's third largest advertising agency, an international arm with access to the BSBW's 104 offices around the world.

The company has already rearranged its advertising operations into two groups and it pooled its public relations operations into one network.

Scant sympathy for the man in the dock

BY PAUL CHEESERIGHT

ONE OF Mrs Thatcher's favourite businessmen is in the dock over his role in the Guinness affair. The Gerald Ronson who has won prime ministerial esteem, however, is not the man who received, and then in January paid back, £5.8m for propping up the Guinness share price.

This is not to suggest that the role played by Mr Ronson in the Guinness-Distillers takeover bid came from a sudden flight of fancy on his part. After all, he had been involved in numerous takeover fights before, usually coming second at a profit and he evidently drove a hard bargain when he negotiated the terms of his support for Guinness.

But it is possible to suggest that there are several Mr Ronsons, each different, according to the perception of the person with whom he has been dealing.

He is a Thatcher sort of person because he embodies enterprise; he is respected in the property world because he sticks to his word, he is seen as generous because of his charitable works. Yet he is regarded with deep suspicion in the City.

It is the City Ronson who is in trouble and yesterday there was scant sympathy for his plight. As one stockbroker put it: "The City's interpretation of Ronson is this: very sharp, very hot. Not a nice man. Full stop."

The Property Ronson comes through in another way, however. One property specialist, who has been sitting opposite Mr Ronson at the negotiating table on and off for years, explained: "He's a very decisive man. He has an incredible perception of market trends - he'll go into areas where others fear to tread and he's right more than 51 per cent of the time."

"He drives a hard bargain. He hates over-paying and he never under-sells," he added.

It is, of course, that "incredible perception" and that hardness which have been behind the growth of Heron Corporation into both the second largest private company in Britain, after Littlewoods, and a significant force in the international property and financial services markets.

The latest accounts show shareholders' funds at Heron International of £360m and pre-tax profits of £50.1m on a turnover of £1.1bn for the year to March 1987. That has been built up over 30 years - an average annual compound growth rate of 28 per cent. At the root of it has been property.

Although Heron is 60 per cent owned by a charitable foundation the Ronson family has set up, Mr Ronson himself calls the shots at Heron International. Because the group has remained private he has inevitably had an independence denied to most chiefs of quoted companies, giving him the freedom to play the stock market.

Publicised deals include his attempt to take over Associated Communications Corporation, his purchase of a pivotal stake in Debenhams during the takeover bid by Burton and more recently the accumulation of a stake in Chloride.

One banker commented: "It is a pity he never went public because that might have instilled a greater sense of public accountability in him."

It is at this point that Property Ronson and City Ronson begin to merge. The success of the first has given power to the second but at the same time rendered share dealing unnecessary. Heron International has done well enough in its main lines of business to avoid having to resort to the market. Mr Ronson paid himself up to £800,000 a year and if he had wanted more, no doubt he could have had it.

"He did it (the Guinness share price support buying) not because he needed any money but because he cannot resist a deal. He is the sort of man who likes to feel he is at the centre of things, playing his cards and so on," said a banker.

Brokers agreed, while noting a certain reluctance among some of the major houses to deal with him and suggesting that this was why his dealing was linked to Mr Tony Parnes, an independent operator now held in Los Angeles on charges of false accounting.

Schools policy 'unlawful'

By Michael Dixon, Education Correspondent

BIRMINGHAM council is acting unlawfully under the Sex Discrimination Act in providing only about half as many places for girls as for boys in the city's six grammar schools, the High Court ruled yesterday.

But Mr Justice McCullough did not order the council to change its admissions policy for the voluntary-aided schools, which have 210 places for girls and 390 for boys, saying the council could be relied on to redress the balance.

The council is considering an appeal, but the Equal Opportunities Commission, which brought the action, nevertheless hailed the ruling as a "test case victory."

Owen faces challenge from party rivals

BY IVOR OWEN

SUPPORTERS of Mr Robert Maclennan, still battling to assert his authority as leader of the Social Democrats, are preparingthemselves for a fresh attempt to rein back Dr David Owen, the party's former leader.

They have expressed growing resentment over his success in maintaining a prominent position on the national stage and using his influence over the party's main financial backers to bolster his campaign to preserve the Social Democrats as a separate entity, whatever the outcome of the merger talks which the current leadership is conducting with the Liberals.

Mrs Shirley Williams, SDP president, whose antagonism towards Dr Owen has already been displayed in public, will face him next week with the charge that he is pursuing a course of conduct which characterised the internal squabbles of the Labour Party in the 1950s, when the Bevanites were accused of forming a party within a party.

Mr David Steel, the Liberal leader, took a sideswipe at Dr Owen yesterday when he told a Liberal gathering in Torquay that he is sure the great majority of Liberals and Social Democrats will approve the outcome of the merger negotiations.

He said it was a lot easier to found a party on no grassroots organisation, no regard for democratic consultation or decision, no agreed policy priorities - save for ex-cathedra pronouncements - a few rich people to sign the cheques and banks of computers to conduct direct mailing shots.

In words clearly directed at Dr Owen, he said such an organisation would "enjoy the characteristics not so much of a political party as of a fan club."

Speaking on Channel 4 television last night Mr Maclennan suggested that a new merged party should choose to call itself The Democrats. He said the full title would be The Democratic Union of Social Democratic and Liberal Parties.

Clay Harris reports on the City's new circumspect attitude to takeovers

Softly, softly as the dust settles

NEARLY a year after the first serious questions began to be asked about the conduct of the bitterly contested battle in which Guinness won control of Distillers, the affair is viewed in the City as a watershed for the climate in which takeovers are plotted, pursued and combated.

The exposure of practices, some admitted and some only alleged, has been painful even to bankers and stockbrokers completely unconnected with the Guinness bid.

Most see the episode, however, as a necessary cleansing of an atmosphere which had been increasingly soured by aggression and the flouting of the spirit, if not always the letter, of the City's self-regulatory system. The head of one corporate finance department said yesterday that the Distillers' bid would be seen as "the high point of overt aggressiveness."

After Guinness, and coincidental insider trading scandals, the rule is safety first. Stratagems are considered with much cooler eyes, but not - most insist - at the expense of innovation.

It is also undeniable that the arrest and levelling of criminal charges against respected and main-line City figures has a deterrent effect.

Regardless of the eventual outcome of court cases, many individuals clearly feel that more is now at stake than the chance of a rebuke by the Takeover Panel.

The general view, however, is that Guinness by itself has not had a lasting effect on the number of contested takeovers launched or won. If the mood has changed against hostile bids, by no means a watertight proposition, BTR's erstwhile effort to win Pilkington early this year - a takeover attempt in which tactics were never an issue - was just as significant.

Mr John MacArthur, chairman of the US securities group Prudential-Bache's UK merchant bank, says: "One has to be extremely careful in going from the particular to the general. I don't think that the City as a whole was moving towards the sort of practice that is now being uncovered, but I'm not saying that the Guinness case was unique."

The head of corporate finance at another merchant bank dismisses Guinness as an "aberration."

Nevertheless, by last year, backing for corporate clients through support of the share price and prospecting for loopholes in the Takeover Code had become a test of machismo for merchant banks. Until the Guinness boil was lanced, banks were under pressure to match the results achieved by their rivals, notably Morgan Grenfell.

Against their better judgment, some were drawn down the path of "creeping metooism" in the words of one banker. They found their knuckles wrapped - and takeover battles re-opened - for offences which were to look technical and trivial in retrospect.

Without exception, the removal of this peer pressure has been greeted with relief. The eclipse of the "star" system, exemplified by Mr Roger Seelig, formerly of Morgan Grenfell, and a return to emphasis on corporate finance teams has also been universally welcomed.

Merchant bankers are not the only takeover players who are watching their step. Stockbrokers are more careful not to imply that an institution which fails to support a company's shares may find itself excluded from a future underwriting. Institutional investors who put companies into play by canvassing likely takeover candidates are now much more circumspect.

Solicitors are more careful about taking on clients. A partner in one City firm said yesterday that the statement "We'll talk about this when the lawyer's not here," was even less acceptable than before.

Another change since details of the Guinness affair began to emerge is in the role and perception of the Takeover Panel, the linchpin of self-regulation. At the height of merger mania, it was treated almost with contempt, and not without reason, since sharp practice seemed to be escaping undetected or unpunished.

"Unless the participants can see the benefits to themselves of self-regulation, it is difficult to do effectively," one banker said yesterday.

Facing growing political pressure for a statutory system similar to the Securities and Exchange Commission in the US, the players and the referee in the London game concluded for once that their interests coincided.

In the wake of Guinness and several other controversial takeovers, the panel toughened the rules on disclosure of beneficial ownership of shares held by nominees and of changes in stakes in companies involved in bid battles. More importantly, the panel was brought in under the regulatory umbrella of the Securities and Investments Board.

No less significant has been the panel's decision to raise its profile, discarding traditional reticence to argue its case and issue periodic "reminders" to companies and advisers of their responsibilities

Some issues, however, are by no means resolved. Most important, perhaps, is the extent to which a bank should support the share price of a client. Apart from strictly defined circumstances, companies themselves are prohibited from paying - even indirectly - for the purchase of their shares.

Merchant banks feel, however, that buying a company's shares is part of their full service to a client. So long as purchases are disclosed, there should be no prohibitions. Fees nevertheless must reflect the bank's greater risk and commitment of capital.

Food processing machinery plant closes

APV BAKER, the leading UK producer of food processing equipment, is closing one of the two factories in its Rose Forgrove packaging machinery division.

The plant, at Gainsborough, Lincolnshire, employs 200. APV Baker said it hoped about 100 employees at the Gainsborough site would be offered jobs in other group factories.

The company said it was cutting manufacturing costs to meet levels of demand for Rose Forgrove products, which include machinery used in making packaging for bread, confectionery and pharmaceuticals.

The other Rose Forgrove site is at Leeds, West Yorkshire. This plant, which employs 230, is more modern than the Gainsborough plant and has more space for expansion.

APV Baker was formed in March by a merger between APV, a manufacturer of machinery used for making foods from a liquid base, such as dairy products, and Baker Perkins, which specialises in machinery for producing dry foods.

Rose Forgrove, which up to now has acted as an independent company, is being merged with the former Baker Perkins process machinery business

College funding to be increased by 9%

POLYTECHNICS and other colleges awarding degrees are to have a 9 per cent increase in funds for 1988-89, Mr Kenneth Baker, Education Secretary, said yesterday. Funding will rise from £716.5m to £781m.

Recruitment of students to such colleges in the past academic year had been 6.5 per cent above target.

CAA chairman warns of curbs on air traffic

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

AIR TRAFFIC may need to be limited if the present big rises in volume continue, Mr Christopher Tugendhat, chairman of the Civil Aviation Authority, warned yesterday.

Mr Tugendhat said the timing of such restriction would depend on "how quickly technology evolves and on the environmental restraints placed on airport operations."

He told the Guild of Air Traffic Controllers' conference, Convex 87 International, at Slough in Berkshire that air traffic had risen by 6 per cent this year, with increases at some peak times of more than 30 per cent over last year, especially in the London area.

In the 12 months to May 31, for example, the London Air Traffic Control Centre had handled 993,000 aircraft movements compared with 926,000 the previous year.

While there had been "much inaccurate speculation," Mr Tugendhat admitted there had been problems with air traffic control this summer.

"Many of these would have been coped with as a matter of routine in years past, but now, when high levels of traffic are sustained over a large part of the operating day, any failure, even quite a small one, impacts on our handling capability," he said.

To ease the strain, the authority had already introduced a system of flow control limiting the volume of traffic handled during some peak periods.

It was also updating and increasing available equipment, spending £200m over the next five years, including replacing the IBM 9020D computer at the London Air Traffic Control Centre.

A central control function was also being introduced, bringing together the approach control facilities for Heathrow, Gatwick, Stansted and the City Stolport.

Mr Tugendhat stressed that any system had a finite capacity. UK airspace was relatively small and had many conflicting demands on its use. The improvements the authority was able to offer were "in reality only able to contain the increases rather than outpace them."

● The £32m airport built in London's Docklands as a private venture by John Mowlem, the construction company, has been granted an operating licence by the Civil Aviation Authority.

Operations start on October 26. The airport is to be formally opened by the Queen on November 5.

Wardair increases flights

BY MICHAEL DONNE

WARDAIR, a Canadian independent airline, is taking advantage of the more liberal Anglo-Canadian air agreement reached a few weeks ago to increase scheduled services.

The airline, which launched scheduled flights to Gatwick, Manchester and Prestwick last year, plans to operate scheduled flights between Toronto and Stansted, Birmingham, Cardiff, Leeds, Bradford and Newcastle, starting next spring.

Business sponsorship 'crucial' to wildlife

By Ralph Atkins

BUSINESS sponsorship was crucial for the conservation of the UK's wildlife, Sir David Attenborough, chairman of the British Wildlife Appeal, told industrialists yesterday.

At a conference organised by the Central Electricity Generating Board, he said that £5m has been raised by the appeal since it was launched in 1985 with a £10m target.

The funds are being used to save conservation areas and threatened species of wildlife in the UK.

The CEGB announced at the conference, attended by representatives of energy companies, banking and marketing, that it was providing £130,000 to sponsor conservation projects. That is in addition to its contribution to the appeal and will finance schemes including the protection of butterflies in Somerset and little terns in Kent.

Lord Marshall, chairman, said: "We believe that our sponsorship programme is an excellent way for us to return something to the environment."

Since 1983 about £3m has been raised by companies for specific wildlife conservation schemes organised by the World Wildlife Fund acting as brokers between industry and government.

Yesterday Mr Colin Moynihan, Environment Under-Secretary, said the potential for further sponsorship was considerable. He described the CEGB plans as "another excellent example of business and conservation interests working together in a constructive and mutually beneficial way."

CBI CITY/INDUSTRY TASK FORCE REPORT

BY TERRY DODSWORTH

Financial markets exonerated from failings

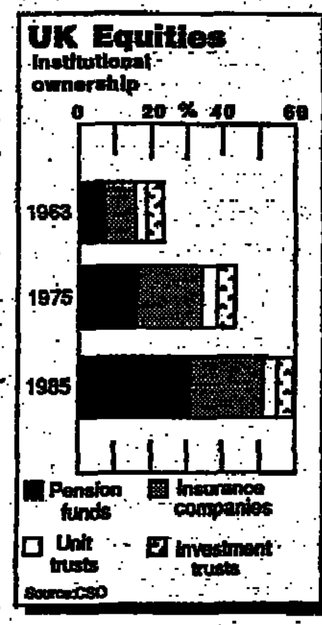
BEHIND THE Confederation of British Industry report on industry and the City, published yesterday, lies the perennial anxiety about the impact of short-term investor decisions on long-term corporate planning. It is an old argument and one which has been exhaustively investigated before. But a year ago, in the atmosphere of booming financial markets and heated takeover activity, the question had assumed a new urgency for industrialists who felt they were becoming pawns in a financial game over which they had no control.

The CBI report points out that the economic climate has changed significantly since then. Takeover activity has diminished, industrialists are more optimistic about their growth prospects and the City is beginning to show signs of some structural problems of its own. The issue now, says the report, is thus more about how all participants in the economy can harness themselves to the expansion of activity.

"The challenge is to build on this (economic growth) and provide a climate in which companies can invest for the future with the active co-operation of their shareholders and bankers," it says.

This change in the economic background may have contributed to the unanimity of the conclusions and recommendations which came out of the panel. Drawn from industry and City, from companies that had been bid targets and those which had been predators, the committee was nevertheless able to agree on all the significant issues it examined. Broadly speaking, the panel exonerated the City from serious failings in dealings with its industrial clients.

"The Task Force found no evidence to link attitudes of the City directly to the long run decline of the nation's manufacturing sector - nor to its resurgence in recent years. Rather, it found that many commonly-held perceptions were simply not supported by the available facts."



Among its conclusions were:

● The failure of companies to give sufficient weight to long-term development arises mainly from underlying economic and political factors, including inadequate profitability, rather than to City pressures.

● Most financial institutions are long-term investors.

● There is no general shortage of funds for good small or high-risk ventures, though financing costs are sometimes high.

● The cost of City facilities has fallen since Big Bang, as competitive pressures have had their effect.

● Expenditure by UK companies as a whole on mergers and acquisitions is much less than that on organic growth through invesment.

● Managers of companies under threat of takeover do not defer investments to enhance their current earnings.

The report concludes that the heart of the problem between the City and its industrial clients is one of communications. This gap is less in countries such as West Germany, France and Japan, which maintain close relationships between the banks an industry, it says. But the UK could improve the present situation by a mixture of new initiatives aimed at keeping investors better informed and strengthening institutional links between the investment community and the industrial sector.

Investing in Britain's Future, Report of the CBI City/Industry Task Force, will be debated at the CBI conference later this year. It is available from the CBI, Centre Point, 103 New Oxford Street, London WC1A 1DU, £11 for members and £15 for non-members.

Calmer approach to mergers and acquisitions urged as measure to increase understanding

THE CBI's main recommendations for action to increase understanding between the City and industry are based on suggestions for improvements in communications and for encouraging a "calmer and more rational" approach to mergers and acquisitions.

The recommendations include:

● Companies should organise themselves efficiently in designating responsibility for carrying out investor relations. Frequently this is the specific responsibility of chairmen, though they are likely, where appropriate, to delegate this to their chief executives.

● Companies must make more effort to keep the market informed about their longer term strategic intentions and in particular their spending on research and development, as well as training and other aspects of innovation. The report comes down against statutory disclosure of R&D spending, but supports a new accounting rule to enforce it in all except a few cases.

● The task force recommends a range of items which should be included in company reports, including a statement of company objectives, a discussion of the means of achieving these targets, details of the business and any recent changes in activity.

● Companies should publish in their annual reports the names of brokers from whom private investors could obtain elaboration and analysis.

● City institutions should support more training for analysts working in the securities industry. The quality of analysts needs to be improved, the report says.

● The task force recommends greater care in choosing non-executive directors; their independence of mind can help to give credibility among investors, it says.

● Companies should examine their pension fund trustee arrangements and ensure trustees exercise their responsibilities as shareholders, as well as towards their members and pensioners.

● The CBI should ensure a continuing dialogue nationally on matters of concern between the financial sector and industry.

● The Department of Trade and Industry and the Takeover Panel should seek to ensure the new arrangements on acquisition activity involve effective surveillance of share dealing and have intermediate sanctions between censure and delisting.

● On competition policy, the task force recommends greater predictability in referrals and increased speed in dealing with investigations if necessary.

● The committee also draws attention to issues that require further attention. It suggests, for example, that capital gains tax regime might be amended to encourage holding of shares for longer periods; the role of the press and the media, and their influence on share prices, should be examined, probably by the Press Council; institutional investors should develop better channels for conveying concern about management performance; the regulations on disclosure of beneficial ownership behind nominee holdings should be strengthened; and there should be tighter rules for merger and takeover accounting.

Finally, the report adds: "This report represents a beginning, not an end. There are real issues of concern between the two sectors and it is important to have in shape the proper institutional framework for views to be expressed and appropriate action recommended."

Short-termism found to be 'a problem of perception'

THE ISSUE that looked as though it would yield the most controversy in the CBI's investigation was that of "short-termism" - the notion that industry is neglecting its long-term investment needs because of the City's preoccupation with short-term profits performance.

This idea reached a crescendo in the takeover fever of last year, with the added criticism that the concentration of shareholdings in the hands of institutional investors was intensifying the pressures.

The report finds that fear of short-termism is more a problem of perception than of fact. It concedes that the UK does have a significant weakness in its investment record, but relates this more to the cost of capital and uncertainty surrounding a company's prospects in its chosen markets than to the financial markets.

Constraints on long-term investment
% Respondents mentioning

	Of major significance	Significant	Not significance
Shortage of capital	5	10	85
Cost of capital and / or fears of an inadequate rate of return	24	53	23
Exchange rate uncertainties	2	26	72
A lack of confidence in market prospects	9	39	52
Weakness in your share price or rating	7	34	59
Fear of takeover	0	12	88
Pressure from financial institutions/analysts	4	19	77

Source:CBI survey of UK company Chief Executives, 1987

On the specific issue of takeovers, a survey of CBI companies concluded that fear of acquisition was not an important factor in forcing companies to pursue short-term goals.

Indeed, out of 109 member groups which responded to the survey, not one agreed that takeover threats had been of "major significance" in influencing strategic investment decisions - although 41 said short-term share price weakness had played a "significant" role or one of "major significance".

The CBI report largely absolves the financial markets on two other charges.

First, it says attention to current year's results and price-earnings multiples does not constitute evidence that investors are taking too short a view. Short-term profitability, it argues, is more often than not associated with good long-term performance; and the price-earnings ratio can be viewed as a long-sighted measure since share prices ought to reflect the expected value of all future cash flows.

Second, it says there is no clear evidence that the shift towards institutional ownership of shares has caused more preoccupation with the short term.

The rate at which stocks and shares are turned over has increased, but trading activity, the report argues, provides "an essential degree of liquidity," and the different institutions - pension funds, life assurance, unit trusts and so on - have highly variable behaviour patterns.

The report concludes: "The financial institutions, particularly pension funds and insurance companies, have a clear interest in the long term performance of the shares they hold. As large holders of portfolios, it is likely that they are in a better position to make a realistic and informed assessment of a company's activities."

Members of task force

The members of the task force were:

Sir David Nickson (chairman), president of CBI and chairman of Scottish and Newcastle Breweries.
Mr Ron Artus, group chief investment manager, Prudential Corporation.
Mr Ian Butler, chairman, Cookson Group.
Mr Raymond Cazalet, director, Henderson Administration Group.
Mr Ferrier Charlton, senior partner, Linklater & Paines.
Sir John Clark, chairman and chief executive, Plessey.
Mr Ian Hay Davison, adviser, Arthur Andersen.
Mr Robin Fox, vice chairman, Kleinwort Benson.
Sir John Hedley Greenborough, chairman, Newarthill, deputy chairman, Lloyds Bank.
Mr George Gwilt, managing director, Standard Life Assurance.
Sir Ralph Halpern, chairman and chief executive, Burton.
Mr Daniel Hodson, director, Unigate.
Sir Derrick Holden-Brown, chairman and chief executive, Allied Lyons.
Mr Hugh Jenkins, group investment director, Allied Dunbar Assurance.
Sir Hector Laing, chairman, United Biscuits.
Sir Richard Lloyd, chairman, Hill Samuel.
Admiral Sir Raymond Lygo, chief executive, British Aerospace.
Sir Jeremy Morse, chairman, Lloyds Bank.
Mr Tommy Macpherson, chairman, Birmid Qualcast.
Professor Paul Marsh, professor of management and finance, London Business School.
Mr Paul Nicholson, chairman and managing director, Vaux.
Mr Tim Norman, chief executive, Spafax Holdings.
Mr John Quinton, chairman, Barclays Bank.
Lord Remnant, director, Union Discount, chairman, Touche, Remnant.
Mr Graham Ross Russell, deputy chairman, Stock Exchange.
Mr Robin Stormonth-Darling, deputy chairman, Mercantile House Holdings.
Mr Alan Stote, chairman and chief executive, BTS Group.
Mr Martin Taylor, director, Hanson Trust.
Mr Ronny Utiger, chairman, TI Group.

Mortgage rates cuts plan

By Lucy Kellaway

A plan to cut mortgage rates on well-insulated homes was proposed yesterday by Dow Construction, a maker of insulation material.

Dow said its scheme would encourage energy efficiency and reduce the level of mortgage defaults by cutting fuel bills. It suggested mortgage rates on homes meeting certain standards of insulation should be reduced.

Post Office plans express post

BY KEVIN BROWN, TRANSPORT CORRESPONDENT

THE POST Office plans to introduce a scheduled same-day delivery service to Europe aimed at the growing business market for express mail.

International Datapost, the Post Office's courier and express mail division, is expected to announce the start of the service later this week.

Initially the service will be limited to collection in central London - before 10.30am - and delivery in Paris, Amsterdam and Dublin between Monday and Friday. Further collection and delivery areas may be added later.

The service will be marketed by the Post Office as the first scheduled same-day service to Europe and is aimed partly at regular consignments of urgent documents and packages.

However, similar services to many European cities are already offered on an ad hoc basis by private companies such as DHL.

The announcement of the scheduled service is the latest shot in an increasingly competitive battle between the Post Office and the private sector for dominance in the express mail market.

The heads of 12 national post office organisations, including the UK, recently agreed to set up a joint company to handle sorting and despatch of their share of the market.

BUSINESS LAW

Company marriage and manslaughter

By A. H. Hermann, Legal Correspondent

"WHOEVER knows of any just impediment why these two should not be joined together, speak now or forever hold your peace." This wise and practical proclamation should be considered by Mr Peter Sutherland, the EC Commissioner for Competition, before he decides to dissolve marriages between companies which are not to the Commission's liking.

He made his threats *in a mood* of frustration over the failure to obtain, after a campaign lasting 14 years, the member governments' approval for preliminary control of mergers. The Commission's proposal will be discussed again by government representatives on November 30, but there is no hope that it will be approved.

Taking Mr Sutherland seriously, as one should, obliged me to have another look at his secret weapon, the 1972 *Continental Can* decision of the European Court. Overruling the strongest possible contrary opinion of its Advocate General, a court consisting of only five judges (none from the UK, the Irish Republic or Denmark), concluded that Article 86 of the EC Treaty, prohibiting abuse of dominant position, should be interpreted as prohibiting any increase of market power by which "dominant companies" still facing effective competition, become really dominant. Neither the Commission nor the Court seemed to be concerned over such detail as that a company still facing effective competition cannot be termed dominant and does not therefore fall under Article 86 of the Treaty.

Contradicting accepted academic opinion as well as that of its own Advocate General, the court refused to attribute any significance to the fact that merger control provisions of the European Coal and Steel Treaty were *deliberately* omitted from the EC Treaty. This ommission formed the basis on which the UK and other governments acceded to the EC Treaty later on.

The Court said that as Article 85 of the EC Treaty prohibits cartels and declares restrictive agreements to be invalid, companies must not be allowed to achieve the same by means of a merger and Article 86 should be interpreted accordingly. However, Article 85 provides for exemptions of agreements and *practices which though* anti-competitive, have *other* benefits, and Article 86 does not. It was never designed to control mergers and is explicitly aimed against discriminatory practices or limitation of production and development to the prejudice of consumers.

Rewriting the Treaty, the five judges held that Article 86 must be interpreted as prohibiting market dominance independent of competition, even if achieved by an unintentional increase in market power. In this way the court established power for the Commission to control mergers without providing for exceptions in the case of mergers which are beneficial and which may be necessary to enable competition on the world markets. Indeed, this weapon is so blunt that the Commission did not dare to use it so far.

The case against allowing the Commission to use this *per incuriam* obtained decision of the European Court, is even stronger than that against giving it the merger control regulation. In any case, the Commission is a political organ enmeshed in the contradictions of protectionist and competition policies. To give it control over European mergers would *only* lead to great uncertainty.

Moreover, Brussels decisions on mergers would have a very different effect in countries like France and Germany, which have an effective system of backroom co-ordination of in*dustry and in the UK where* companies are fiercely independent. Positive decisions could also interfere greatly with internal competition systems of member states, particularly since a recent decision (in Case 249/85) the European Court held *that* a Commission's decision must be obeyed by national authorities and national courts even if its implementation is clearly contrary to national competition law.

Legal niceties apart, no regulation and no decision of the court can bridge the wide gap existing between those member states which want to protect the internal market of a "little Europe" and those who are interested in restructuring industry so that it could compete with the US and Japan on the world market. For this reason the Commission should be asked to turn its mind to the long-term task of harmonising competition policies of member states. And its threatened use of the *Continental Can decision should* be prevented by a suitable addition to Regulation 17/62 defining the Commission's powers in competition matters.

* * *

Turning now to another confused issue of legal policy, I would say that the call for charging Townsend Ferries with manslaughter is utterly misguided; not because a criminal prosecution of a company would be impossible, but because it is highly undesirable.

The *division* between *civil* and criminal law is not as hard and fast as the fact that different courts are involved suggests. Gross negligence - or recklessness - can amount to a "guilty mind" in the same way as malice. Can a company have a guilty mind? Well, they say that it can be deemed to have it vicariously, through the person or persons acting on its behalf - the company's *alter ego*. I do not like such artificial constructions, but that is beside the point.

On the other hand, it *is* difficult to see why some lawyers think that a criminal prosecution of a company is impossible because it cannot be sent to prison. There are other forms of punishment readily available; one could even think of substituting dissolution of the company for a death penalty and suspension of its activities for the time an individual offender would have to spend in prison.

A more serious objection is of a procedural nature. How can a company defend itself when those who normally speak on its behalf have a conflicting interest: to show that it is not them, but the company, who is guilty of the offence. However, even *this* objection could be overcome by appointing an outsider as curator of the company's interests and of its defence in criminal proceedings. A criminal prosecution of a company is in principle possible, but it appears to be against the most ba*sic aims of legal policy*.

The first of these is to avoid punishing innocents. A company consists, according to the conventional view, of its shareholders, and according to a more modern and more realistic view, also of its employees. In a large company, none of the shareholders and only a very few of its employees will be guilty of the offence attributed to the company; but they would all be hit by any punishment of the company.

Civil damages, even punitive exemplary damages, are a different matter: even if not responsible *for* the wrongdoing, the shareholders and employees might have profited from it. In such a case English courts rightly held that it is only fair that those responsible should bear the consequences of exemplary damages. The danger that a careless management might have endangered their dividends or employment prospects will provide an incentive for *keeping it on its toes*.

Of even greater practical importance is the second aim of legal policy, to punish the guilty in order to deter them and others from repeating the offence. The only people who can be usefully deterred are those whose actions or omissions constitute the evil deed. Several persons may share the responsibility, they may be members of a board or executive committee, for example, or of a vertical line of command. It is these people, *responsible for the operation of* the company to whom should be addressed the penal deterent - not the mass of anonymous and uninvolved employees and shareholders.

The call for a criminal prosecution of the shipping company may deflect attention from those really responsible and this would be to the detriment of both sailors and passengers' safety; nor does the interest of victims require a dramatisation of the case by a criminal prosecution of the company: civil courts have adequate power for awarding punitive damages.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY-Indices of industrial production, manufacturing output (1980=100); engineering orders (1980=100); retail sales volume (1980=100); retail sales value (1980=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value	Unemployed	Vacs.
1986							
1st qtr.	108.1	102.8	97	119.3	146.0	3,171	166.5
2nd qtr.	109.9	104.2	97	121.3	154.0	3,202	173.6
3rd qtr.	111.0	105.2	96	123.7	158.7	3,202	200.2
4th qtr.	111.1	107.5	95	126.5	164.3	3,141	213.0
1987							
1st qtr.	112.2	107.7	94	125.4	157.0	3,078	210.4
2nd qtr	113.0	109.7	92	128.3	166.0	2,965	228.1
February	112.7	108.4	96	127.0	154.5	3,066	207.1
March	113.1	108.7	94	125.5	157.8	2,949	210.6
April	112.9	109.3	93	130.6	169.0	3,018	212.9
May	113.8	109.9	92	125.4	161.3	2,952	231.2
June	112.3	109.8	92	129.4	167.3	2,925	233.3
July	114.8	111.6	92	131.2	172.7	2,876	224.9
Aug.				132.5	178.5	2,838	237.5

OUTPUT-By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1980=100); housing starts (000s, monthly average).

	Cnsmer goods	Invest goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1986							
1st qtr.	103.9	101.4	114.9	101.5	109.6	103.1	14.6
2nd qtr.	105.3	101.7	115.8	102.0	110.3	104.8	19.5
3rd qtr.	105.4	101.7	117.4	103.6	109.2	103.3	19.4
4th qtr.	103.4	103.4	116.1	105.6	116.0	104.7	15.5
1987							
1st qtr.	107.8	102.9	118.1	106.2	114.7	102.4	17.4
2nd qtr	110.2	105.2	117.9	107.7	120.8	104.3	19.5
January	106.9	102.3	118.5	105.0	107.0	102.0	12.7
February	108.5	102.8	118.8	106.0	121.0	103.0	18.6
March	108.0	105.7	119.0	106.0	116.0	102.0	20.5
April	110.8	105.1	117.9	107.0	117.0	105.0	18.1
May	110.6	105.0	119.3	108.0	121.0	104.0	20.4
June	109.9	105.5	116.4	108.0	125.0	104.0	20.1
July	111.8	107.5	118.4	110.0	121.0	106.0	20.5
Aug.							18.1

EXTERNAL TRADE-Indices of export and import volume (1980=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1980=100); official reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Reserve US$bn
1986							
1st qtr.	117.5	124.9	-1,227	+682	+1,880	101.0	18.75
2nd qtr.	121.9	129.1	-1,608	+146	+765	102.5	19.20
3rd qtr.	122.6	133.0	-2,901	-910	+621	103.2	22.43
4th qtr.	130.5	144.0	-2,725	-860	+765	100.9	21.92
1987							
1st qtr.	130.0	133.2	-1,135	+672	+1,164	100.5	27.04
2nd qtr	125.3	140.7	-2,261	-174	+1,033	102.7	34.36
February	138.4	138.0	-282	+401	+328	100.4	22.26
March	126.9	130.2	-417	+185	+454	100.6	27.04
April	131.4	138.6	-525	+283	+423	102.6	29.81
May	123.9	144.2	-1,096	-367	+365	102.8	34.62
June	123.5	139.1	-740	-11	+245	104.4	34.36
July	131.2	147.6	-910	-310	+284	103.1	34.91
Aug.	126.4	154.0	-1,529	-929	+374	102.6	34.36
Sept.							34.81

FINANCIAL-Money supply M0, M1 and M3 (three months' growth at annual rate); bank sterling lending to private sector; building societies' net inflow; consumer credit†; all seasonally adjusted. Clearing Bank base rate (end period).

	M0 %	M1 %	M3 %	Bank lending £m	BS inflow £m	Cnsmer. credit† £m	Base rate %
1986							
1st qtr.	4.1	21.4	19.3	+6,268	2,280	+855	11.50
2nd qtr.	3.1	25.9	27.2	+6,455	-1,483	+346	10.00
3rd qtr.	5.9	30.3	15.4	+6,985	188	+792	10.00
4th qtr.	7.6	15.3	14.1	+10,516	2,814	+444	11.00
1987							
1st qtr.	1.2	20.6	20.2	+6,667	1,465	+852	10.00
2nd qtr	3.3	23.7	20.2	+8,637	1,304	+1,023	9.00
February	0.1	10.9	17.8	+2,578	472	+296	11.00
March	-3.8	33.3	20.4	+2,062	547	+309	10.00
April	0.1	20.9	33.6	+1,971	727	+410	9.50
May	5.5	27.6	22.8	+2,782	521	+294	9.00
June	4.5	30.8	21.9	+3,884	656	+329	9.00
July	7.7	24.5	24.2	+4,882	347	+241	9.00
Aug.	7.1	22.5	21.0	+1,961	687	+215	10.00
Sept.							10.00

INFLATION-Indices of earnings (Jan 1980=100); basic materials and fuels; wholesale prices of manufactured products (1980=100); retail prices and food prices (Jan 1987=100); Reuters commodity index (Sept 1931 =100); trade weighted value of sterling (1975=100)

	Earnings*	Basic matls.*	Whsale. mnfg*	RPI*	Foods	Reuters* cmdty.	Sterling
1986							
1st qtr.	179.1	122.4	142.8	96.5	96.9	1,825	75.1
2nd qtr.	184.0	125.8	145.7	97.8	96.7	1,714	76.1
3rd qtr.	187.4	128.6	146.3	97.9	98.3	1,464	71.9
4th qtr.	191.0	127.4	147.4	99.1	98.2	1,606	68.2
1987							
1st qtr.	192.0	129.8	149.3	100.3	100.5	1,580	69.9
2nd qtr	198.0	128.7	150.8	101.9	101.8	1,586	72.8
3rd qtr		131.1	151.6	102.1	100.5	1,647	72.7
February	191.2	129.6	149.3	100.4	100.7	1,601	69.0
March	194.5	128.2	149.7	100.6	100.7	1,539	71.9
April	195.9	128.4	150.5	101.8	101.6	1,554	72.4
May	198.1	128.0	151.0	101.9	102.2	1,612	73.2
June	200.0	129.7	151.1	101.9	101.6	1,529	72.6
July	203.1	130.5	151.3	101.8	100.4	1,632	72.8
Aug.		131.3	151.6	102.1	100.7	1,655	72.3
Sept.		131.4	151.9	102.4	100.4	1,658	73.1

*Not seasonally adjusted
†Net changes in amounts outstanding, excluding bank loans.

MANAGEMENT: Marketing and Advertising

US retailing

Taking on the fickle shifts in fashion

Gordon Cramb on the significance of a changing marketplace

"LET'S MAKE IT in America" was the theme of a convention which drew several hundred US clothing producers to Ohio this summer. It was unusual in that it was organised not from within the ranks of rag trade manufacturers trying to drum up orders but by The Limited, the Columbus-based stores group which is one of their biggest sources of potential new business.

The Limited is the country's largest independent retailer of women's fashions, operating through some 2,800 stores which it is now opening at a rate of around 400 a year. Although towards the upper end of the mass market its sourcing relies more than half on Asia. This and much else could change as the speciality apparel retailing sector goes through what its participants are starting to admit is a significant shift in what the American public wants to wear and where it gets it.

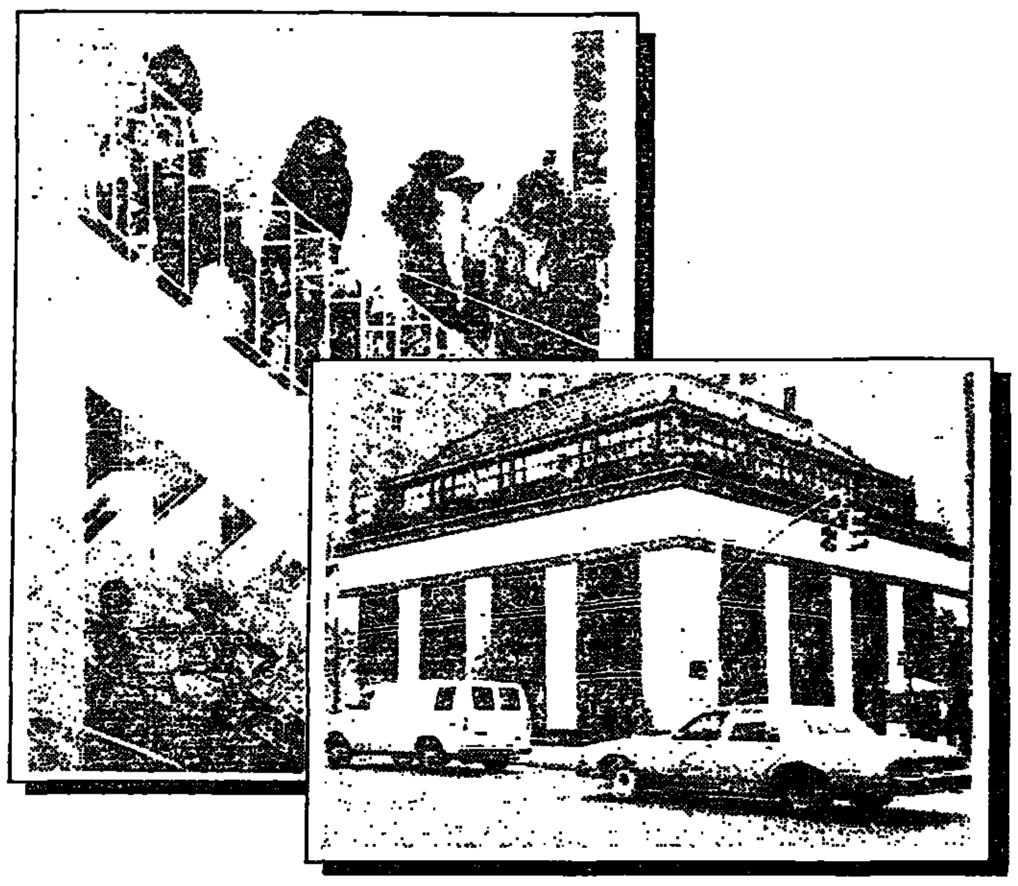
Monthly sales figures from the individual stores groups for September, out a week ago, were anxiously awaited but reassured no one. On a crude year-on-year basis the numbers looked fine: The Limited was showing 12 per cent growth in turnover to $340.9m. But almost all of this came from adding outlets - stores open for a year or more showed a growth of just 1 per cent compared with 23 per cent in September 1986.

Economies of scale are still showing through handsomely, and the company was quick to point out that net income for the current year was expected to be a record as a percentage of sales.

Leslie Wexner, the chairman, while giving away little in terms of strategy, did concede at the same time that there was "an industry-wide fashion cycle change under way" which was dampening the expansion of demand within its established stores. "Customers are making a fashion transition," he added.

Quite what this will entail, few within the business are yet prepared to say. The Paris ready-to-wear collections for next spring, being unveiled over the next few days, are likely to confirm the shorter hemlines established in this month's Milan and London shows. Together with what is seen on the New York catwalks, the European events form a fairly clear outline from which US volume production trends are drawn.

Short skirts, reasonably well anticipated by the industry buyers, are not a problem - more so has been the absence recently of any other strong theme to spur shoppers. David Williamson, a retail sector analyst at the Hartford, Connecticut-based Advest, says consumer spending in stores across the US has been slowing for the first time in a few years. "Sales are not disastrous, but consumers have been a little tight with their money since mid-June."



The Limited store in New York - one of 2,800 in the US. The group, like others, is experiencing a fundamental change in the fashion cycle

For investors in the clothing chains, this was enough to put an end to the exalted ratings which they had accorded the businesses. Wall Street last month held what the shops themselves would call a close-out, an end-of-season sale where lines are shifted at almost any price. This time they were lines of stock in companies like The Limited, which fell by more than a third, and The Gap, a 750-store casual clothing group which was more than halved in value.

That may not trouble the browsers of America's shopping malls, but they may start to notice other changes as frontages are revamped for the coming seasons. First, there is likely to be a dilution of the truly faddish. The Gap's slowdown is believed to have had its most severe impact at its 75 or so shops which trade under the Banana Republic banner and are given over to safari-style garb.

Williamson describes these outlets as among "the more visually extreme" and now probably past their peak in appeal. This presents the company with more than the usual problems in adjusting to an altering marketplace. "Besides changing the merchandise in the store they would have to change the store."

Second, competition is still increasing, both from the traditional department and chain stores which are deploying some of their financial resources in an attempt to shake off an often dowdy image, and from new entrants - not surprisingly, the most talked-about of these is Benetton.

In three years the Italian company has gone from a zero presence in the US to some 700 franchised stores, in a drive which has won admiration there as it has in Europe. Richard Winger, who advises on retailing strategy for the Boston Consulting Group, says its integrated approach - "something other people have to try to come to grips with" - ought to prompt a third change in the clothing business as retailers experiment with in-house manufacturing.

"The way to build from the fads into a stable business is to build backwards into manufacturing. At Benetton, the synchronised system that goes from the factory to the store essentially allows them to manufacture to order. In a sense, you become independent from fashions. You don't have to guess, you can just follow."

The Limited has been looking at this as one way of narrowing the lag time between placing orders and taking delivery - the shorter that period, the less exposed it is to the vagaries of the youth market. It went some of the way nine years ago when it bought Mast Industries, a huge sourcing operation which also supplies other retailers.

But in May this year the group devolved responsibility for domestic sourcing to its divisional store chiefs, leaving Mast operating entirely abroad. At the same time, analysts say the group's main energies are being devoted to a front-end diversification into menswear - generally a less profitable business although The Limited's management talent is undisputed and it can trade on a name which is both well known and usefully gender-neutral.

The Limited's Columbus trade fair in August coincided not only with Congressional moves to limit the rise in textile and clothing imports, but also with labour unrest in South Korea which gave the apparel industry a rare moment of discomfort over its reliance on Asia.

Korean stoppages hit companies like Reebok, which makes most of its sports shoes there, while the protectionist mood of Washington was being seen increasingly as at least requiring a show of interest in domestic suppliers.

On a volume basis, about 55 per cent of all garments sold in the US are imports, up in the last five years from only a fifth or so. In practice, the trend is not likely to be reversed. National quotas still leave room for shopping around among countries in the region, against which the North American industry is unable to compete on cost.

Domestic producers may gain modestly, though, from a long-term polarisation in retail demand which is detected by many industry watchers. At the upper end this is leading stores to invest more in high-priced private-label items exclusive to them, and over which they would want to exercise complete control. For these lines, lower-volume but more numerous, production bases closer to distribution points could aid flexibility.

Eagle Star

Insured with a message full of humour

Feona McEwan on the UK group's light-hearted approach to promotion

A much livelier image has been adopted by Eagle Star Insurance in its latest commercials, with comic actor Rowan Atkinson (right) portraying Boadicea and other characters in the series

OF ALL THE humorous topics in all the world, insurance is hardly hot favourite to invoke a smile, let alone a giggle. The grind of relentlessly shelling out the shekels for something you never see and with luck may never need, makes the business of selling insurance a vertical struggle.

But in the deregulatory climate in which insurance companies now operate in the UK, the battle for customers in a crowded marketplace is forcing traditionally uninspired companies to make their messages more upbeat and take risks (promotionally speaking). In effect, the tone of promotional messages from insurance and other financial services is moving in the direction of the more experienced consumer goods companies and away from the stuffier approach of their past.

Take Eagle Star, the insurance offshoot of BAT Industries. This month the struggle to claw a niche for itself has taken it for the first time on to the small screen where it is attempting to parade itself in more winning light by dint of humour. Funny man Rowan Atkinson, he of the rubber face and wicked expressions, camps it up as, alternately, Pharaoh, Napoleon, Boadicea, Captain Kidd.

The tone of the £3m campaign, which is national,is very much a departure for both client and agency. In common with many a City agency, St James's is not known for its innovative style in advertising, having concentrated on no-nonsense financial messages down the years, but the new competitive open-door market in which its clients now function has meant a change of tune.

One man steering the new approach is marketing director Mike Heath who was assigned to Eagle Star from BAT earlier this year, about the time Michael Butt, ex-Sedgwick Group, took over over as the new chief executive of Eagle Star.

With his consumer goods background, Heath needed no telling that financial houses must brand themselves first in order to set themselves apart before they can plug their products properly. First impressions revealed that the company had a strong position and reputation in general insurance but on the faster side of the business - life insurance, investment and pensions - the picture was weaker. The company had been a late entrant in 1985 into the unit trust market, for instance, and had been reshaping the business since then.

Most major competitors - and in this category Heath includes major banks, building societies, major composite insurers - are already using television, and despite the alarming media costs, it was time "to bite the bullet or we'd fall further behind." Historically, Eagle Star had used outdoor poster advertising, which is classically "reminder" advertising, says Heath. Press had been used for product advertising, allowing as it does scope for the necessary detail.

The idea behind television commercials, says Heath, "is to predispose people to do business with us. Hopefully they are amusing too." He underlines, too, the widely-felt switch in financial services marketing from passive to active. "Financial products have to be marketed now rather than simply made available."

The brief demanded something amusing, distinctive and original. The resulting campaign, shot mainly in black and white and with a cast of 200, is "a bold step," he says.

Each joke makes a point. Viewers learn that Napoleon, for instance, had "a glittering career..... property all over the place until forced to retire with a drop in his standard of living.....unfortunately in those days there was no Eagle Star to help him..." Pension plans, viewers then deduce, would of course have saved the day. Closing shot, in colour, imagines Napoleon sunbathing away on a beach in his old age.

However, the campaign is but a taster of what's to come. "It's only a small beginning to what we want to do over the next three or four years," he warns.

The Marriage of Figaro/Leeds

Rodney Milnes

Opera North's new production of *Figaro*, directed by Peter Gill, opened on the same evening last week as Johannes Schaaf's for the Royal Opera. On the evidence of the third performance this Tuesday, it could hardly be more different. Not better, not worse, just different—and equally satisfying.

Schaaf's staging, as Max Loppert noted, is crammed full of ideas almost to a fault; it is, perhaps, a production for people who know the opera really well and whose responses need to be stimulated. Gill's version, as might be expected from his work in the theatre (this is his first full-scale opera production), is an almost defiantly "straight" reading of the text in the Dent translation, significantly adapted.

That may sound unadventurous, but Gill really *does* direct the text: in matters of dramatic timing, verbal nuance and inter-reaction the results are exemplary. Anyway, the proof is in the eating: the Leeds audience responded so spontaneously, so freshly to the comedy that even the most blasé old hack reviewer could not but be caught up in this joyous communal celebration of Mozart's and Da Ponte's genius. The contrast with Covent Garden, where the broadest verbal humour can pass by unnoticed, could hardly be more marked.

Gill is lucky indeed with his collaborators and cast. Stephen Barlow's deftly paced conducting, like Haitink's is based on extremely judicious tempos that sound incontrovertibly "right," and on carefully balanced, strongly accented playing. The English *Northern Philharmonia* was on top form, with the woodwind especially expressive. And the production is exquisitely designed by Alison Chitty. The set is basically a white box (a welcome change from black) variously dressed; the scene-changes take only seconds, but each time, thanks to ingenious use of colour, what looks like a completely new set is revealed. The whole visua: concept, carefully lit by Robert Bryan, is as elegant as it is economical.

Casting nearly always affects the balance of a *Figaro*, and here proceedings were dominated by the Count and Susanna. Peter Savidge's Almaviva is a delicious creation; naturally authoritative, smoothly personable and quite helplessly stupid — hence so much of the comedy. He sings very strongly, fully justifying the use of the 1789 ending of his aria. In Helen Field's Susanna, so natural and open in her responses, so clever and so warm, he finds a worthy antagonist, and advance doubts about whether Miss Field would be a natural Mozartian proved unworthy: she sang, as she acted, warmly, cleverly and naturally.

Robert Hayward's firmly sung Figaro is already a livelier creature than he was for the Welsh National earlier in the year, but he still doesn't quite take the lead in the intrigue, or enjoy it for its own sake. There's a lack of the purely mercurial. Owing to illness, Ida-Maria Turri, a postgraduate at the Royal Northern College, made her professional debut as the Countess; with her bright, lightly vibrant soprano — a true soprano with detectable *spinto* tendencies — and her lively, unaffected personality she firmly put down her marker for the future.

Beverley Mills is a seasoned and just about perfect Cherubino, Clive Bayley much happier as Bartolo than as Banquo the previous evening, *Pauline Thulborn* a blessedly straight Marcellina, and Bruce Budd a merrily rustic Antonio, almost chewing his moustache off with concern for his "geranimums." Only Barry Banks fails quite to gell as Basilio—he is simply too young. Elsewhere, the youth of the cast is all gain in this fresh, uncluttered, enormously enjoyable *Figaro*.

Last Summer in Chulimsk

Martin Hoyle

Alexander Vampilov was drowned in 1972, two days before his 35th birthday. The Cambridge Theatre Company's tour of his 1971 scenes from Siberian life this week plays at the Nuffield, Southampton, prior to visiting Warwick, Malvern, Cambridge and Hammersmith's Riverside Studios next month, with a gala on November 11, coincidentally Dostoyevsky's birthday.

In fact Chekhov's is the name most often evoked in connection with Vampilov's bitter-sweet variations on the themes of provincial aspirations, timid loves and blighted hopes. To judge from the clientele of Anna's cafe, a present-day Chekhov might well be writing soap-opera. The whopping mistake in Bill Pryde's direction from which this production never recovers is to play the work in stage Anglo-Russian accents, executed by the cast with varying degrees of conviction (one or two settle for a faintly Welsh lilt). Combined with Paul Thompson's painstakingly colloquial English version—signalling each cliche with "to coin a phrase"—the effect gets sillier and sillier as the drama intensifies ("Dawn't leesen to them, Dad!").

Siberia seems a pleasant background for small-town life. At Anna's open-air tables we meet her bibulous husband prone to brawling with her truculent illegitimate son, Pashka; and attractive divorcee Zina from the flat above the cafe, currently involved with the tolerant police investigator whose amiable cynicism hides deep inner wounds. He is roused from personal and professional apathy by the shy adoration of Valentina, the teenage waitress. A piquant note is provided by Ilya, an old Evenk in search of the pension denied him by a Soviet bureaucracy that disapproves of old Evenks (the original hunting tribes of Siberia) with no documents.

Act 2 almost turns into *verismo* opera when jealous Zina intercepts a note of assignation and the waif-like Valentina mistakenly spends the evening with aggressive Pashka (Aden Gillett in clinging red trousers). The worst happens ("She's mine," as Pashka delicately puts it after the event; no steamy language in Russia). Anguish and self-realisation all round. The old Evenk goes back to the forest in disgust, but not before giving Valentina a radiant smile of understanding on which the curtain falls so abruptly as to be risible.

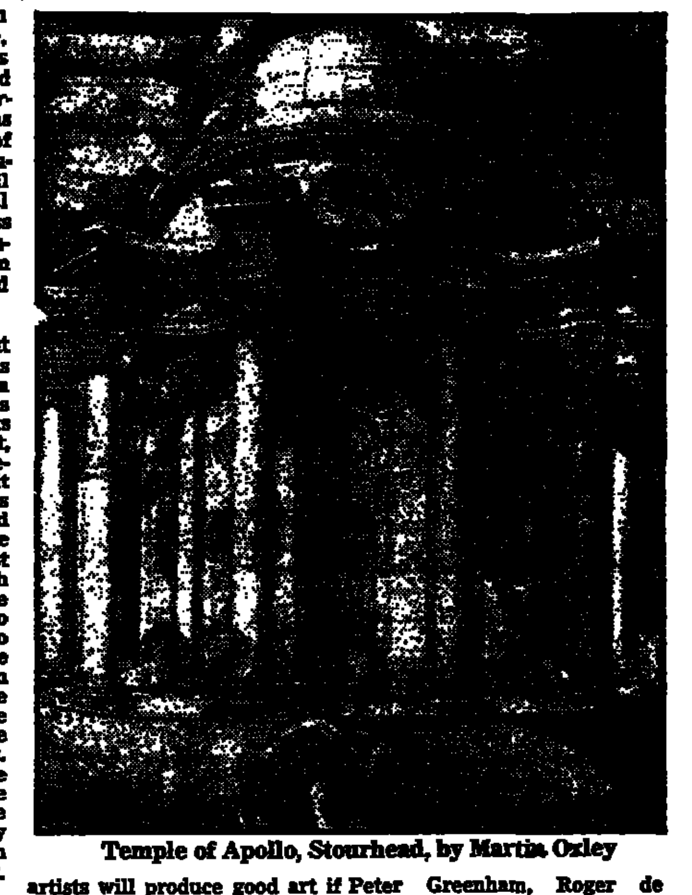
Very gentle, very old-fashioned, and a wildly popular tear-jerker in the Soviet Union. Apart from the interest (to a western audience) in seeing petty officialdom laughed at and the system mildly satirised, one's main reaction is politeness: Sylvia Syms is wasted as the cafe proprietress but is always authoritative. Roy Marsden convinces as the world-weary policeman, a figure rather too familiar by now; and Francesca Buller, in her first professional engagement after drama school, is astonishingly assured as Valentina: both robust and ineffably touching. Poppy Mitchell's set is as conventionally efficient in its representational way as the play demands.

Agnews/William Packer

Held in Trust for the future

Our Heritage is something in which we should take pride, and The National Trust has long taught us to preserve and cherish it. With *The Long Perspective*, the exhibition it has put on with the active help of Agnews to initiate its Foundation for Art (at Agnews until November 13), the National Trust at last begins to address itself to the question of contemporary art, and the question of how best to commission and acquire it.

The National Trust is right to make a positive move in this direction, and has set up a Foundation for Art, which is now only £10,000 short of its target of £45,000 for 1987. But, as *The Long Perspective* somewhat wryly demonstrates, it has only gone so far. If artists are to be actively encouraged to work on the subject of the Trust's properties, they must also be trusted to get on with it in their own way; yet the role of the Foundation is to acquire contemporary art to record its properties, with the emphasis clearly placed not on the opportunity afforded the artist but rather on what the Trust considers might be appropriate to the properties. In other words, there is to be little risk and adventure in the commissioning but only a safe conformity. One can only imagine Turner at Petworth working to the same constraint.



Temple of Apollo, Stourhead, by Martin Oxley

However, I do think the whole scheme to be an enlightened one and full of possibility, and I am entirely on its side. The truth is simple enough, which is that good artists will produce good art if you give them the chance, and here in the Agnews show there is no single artist of whom to disapprove or cast out of the scheme. Many of them, such as Diana Armfield, Fred Cuming, Peter Greenham, Roger de Grey, Ken Howard, John Ward, John Morley, Peter Kuhfeld and Bernard Dunstan, I have admired over many years. En masse, however, the sensibility is that of conscientious observation, sound technique, discreet statement, safety first. We might almost hear the whisper go round the stately hall where these works might hang at last: "how amazing to discover, in the age of abstract art, that still there are artists who can draw."

The most significant feature of the exhibition, therefore, is not the general interest and acceptability of the mass of the work, but rather the work of one or two artists who, given their heads, show something of what else the Trust might have, if only it keeps its nerve. William Tillyer shows a water-colour of Rievaulx, Anthony Eyton a water-colour of the Vyne, John Hubbard a drawing of the Round Pool at *Tintinhull*, small things admittedly, but by distinguished contemporary artists who have yet to set up the brass-plate of "Topographical and Architectural Artist" on the door. And there is Adrian Berg, whose canvas of the Pinetum at Nymans is the largest work in the show: characteristically he has worked it in such a way that it may be hung any side uppermost, and indeed is being thus rotated week by week.

With such artists as Berg and Tillyer drawn into the scheme already, there is every hope that others will now be asked to follow, to reflect the true face of contemporary British art in its every aspect, which are all good. The National Trust holds its property in trust for the future, which will be as naturally curious about us and the way we see the world as we are about the past. That is the true "Long Perspective."

Leningrad PO/Festival Hall

Dominic Gill

It is difficult to decide which part of Tuesday's Leningrad Philharmonic concert under Mariss Jansons was the most exciting. Ten minutes into the second half, I should have said without hesitation that nothing during the evening was likely to match the electrifying account of Mendelssohn's violin concerto given by the young Russian violinist Sergei Stadler at *his British debut*. *And indeed* it was a stunning performance: commanding in every aspect, irresistible in its bravura, bursting with energy.

I have sometimes expressed disappointment on this page that an artist, good as they may otherwise have been, took few risks in his or her performance. Stadler took a fistful of magnificent risks on every page of the score, and won nine out of ten of them—and the single one that he lost (even if "lost" is hardly the word, for nothing was truly lost) paradoxically served only to heighten the tension and the sense of excitement.

I heard Stadler in 1980 in Helsinki, when he was only 18, and won second prize to Viktoria Mullova's first prize in the Sibelius violin competition. I can still remember the impact of his Sibelius concerto: but in the intervening years the manner has grown still more confident, the enormity still broader, the technique still more subtly varied and precise. A list of the many striking things he did with his music throughout the concerto would read like a catalogue—but one moment especially stands out: his exit from the first-movement cadenza, a marvellous shift from *détaché* to *spiccato* while still accelerating very fast, was literally breathtaking—a quite audible thrill ran round the hall. After the first applause had *died down*, he played two Paganini Caprices as encores: if he had decided to play all of the rest, we would willingly have stayed in our seats.

The Leningrad Philharmonic's opener had been Prokofiev's fifth symphony—an exhilarating tour de force, very noisy (there is more of Prokofiev's heroic-jokey vein in the Fifth than in all of his other symphonies put together), but unfolded by Jansons in every measure with mercurial ease. That may seem an odd adjective to choose for such essentially powerful and muscular direction: but his account with the orchestra after the violin concerto of Chaikovsky's symphonic poem *Francesca da Rimini* was alive with the very quintessence of mercurial energy. It is rare in any continent today to hear orchestral playing of such high-voltage precision and fire as we heard from the Leningrad on this occasion: and rare still (the parallel which immediately suggests itself is the NBC Symphony under Toscanini) to hear from an orchestra such intense and vivid response to every nuance of the conductor's baton. Sadler's Mendelssohn was a brilliant achievement, and we shall surely be hearing much more of his name before long. The Leningrad's playing of *Francesca* was pure magic; and I don't doubt that we may not hear the like of it in the Festival Hall again until they return.

Male debut in 'The Rite of Spring'

Royal Ballet soloist Simon Rice is to make his debut as The Chosen One in Kenneth MacMillan's *The Rite of Spring* on October 28, until now the role has always been danced by a woman. MacMillan created it with Monica Mason in 1962.

Adams' Harmonium/Birmingham

Andrew Clements

With a generous helping of his music promised at the Huddersfield Contemporary Music Festival next month, and his first opera *Nixon in China* due in Houston in a couple of weeks, it might be an appropriate time to take stock of John Adams. Is the second-generation minimalism that characterises his music significantly different from the movement that sired *it*, and has transplantation to the West Coast enriched and expanded a language forged in New York? More importantly, has Adams become the distinctive voice in American music his current popularity would seem to imply?

On the basis of *Harmonium* given its first British performance on Tuesday in Birmingham Town Hall by the City of Birmingham Symphony Orchestra and Chorus under Simon Rattle, the answers to those questions would be yes, yes and possibly. In some respects it not representative of Adams' most recent music—it is his only work to date that sets texts (Donne's "Negative Love" and Emily Dickinson's "Because I could not stop for Death" and "Wild Nights") and was completed nearly seven years ago—pre-dating a significant fraction of the creative span of a composer who has only just reached 40.

But it does still illustrate Adams' attitude to the musical language he has absorbed, showing him using the techniques of minimalism as means rather than ends, to generate and establish textures which can then be manipulated in consciously rhetorical ways. In doing so he establishes links not only with fashionable neo-romantics but also a specifically American tradition—the trumpet affirmations that crown the final section of *Harmonium* look back unambiguously to Copland, while the peroration around the second Dickinson poem, modally tinged, is not far removed from a whole body of English choral writing. To suggest it as a possible work for the Three Choirs Festival may seem a dubious distinction, but gives some idea of the scope and the approachability of Adams' score.

There are also many well calculated instrumental effects, thrillingly realised in Rattle's blazingly affirmative account. Certainly Adams offers a new direction for the systems aesthetic, and a possible artistic truce with the American mainstream; but *Harmonium* also shows his gift for writing lucidly on a grand and appealing scale with which singers and instrumentalists will be thoroughly comfortable.

The accomplishment of the British premiere was the last element of an imaginatively planned and glowingly executed programme, which had begun with Mozart's G minor Symphony K.550, weighty, muscular but always nervously alive and included Stravinsky's Four Etudes for orchestra, piercingly accurate and concentrated. The gem, though, was Maria Ewing's treatment of Strauss's *Four Last Songs*, rapturous and vulnerable at the same time, and clothed with the most delectable orchestral colours, every accompaniment and interlude controlled by Rattle with unforced eloquence.

Proposed Battersea Theatre on view

The Entertainment Corporation's plans to build a 3,000-seat theatre and Winter Garden in Battersea Park on the disused funfair site are on show at the Bridge Lane Theatre, Bridge Lane until the end of October.

The Hypochondriac

Michael Coveney

Alan Drury's serviceable translation of *Le Malade Imaginaire* was the basis of the generally reviled National Theatre production six years ago. Here it is again at the Lyric, Hammersmith, in a tauter production by Nancy Meckler derived from her own Leicester Haymarket studio version.

The most obvious thing about Tom Courtenay's winsomely dyspeptic Argan is that he has ignored Molière's division of the character into an obsessive health freak and cholerically cunning paterfamilias. This is a most interesting tactic that has not yet fully matured in performance. Mr Courtenay's rages are not yet towering, nor his hypochondria catacylsmically funny. Perhaps they never will be.

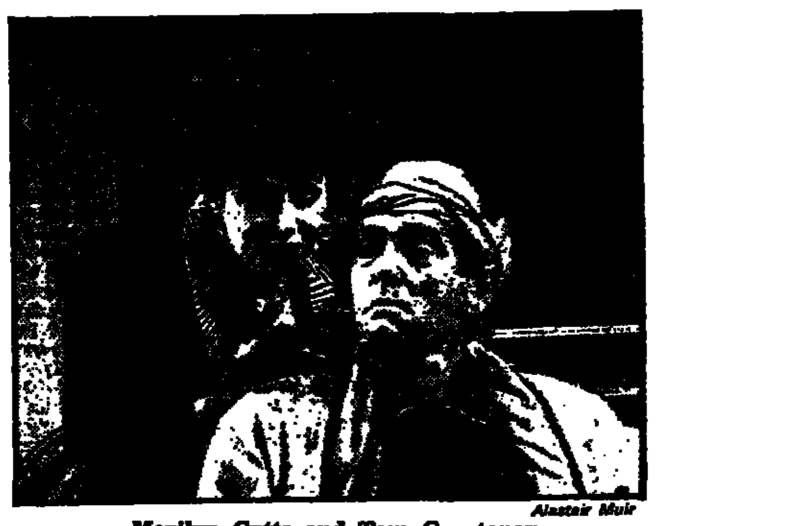
Instead, Robin Don's circular *white curtains open* to reveal a bedridden finical experimentalist in enemas, anodynes and emollients daintily totting up his bills on a computer. He gargles, sprays and inspects his tongue in the manner of one who has adopted an easy life of self-indulgence. He is not driven or plagued on a scale to incite our unpitying, derisive laughter.

But Mr Courtenay's gentle seriousness over his condition catches perfectly today's absurd health-consciousness. The play also articulates a perennially popular suspicion of doctors, and the final induction of Argan to the profession—heeding the advice "Physician, cure thyself"—is staged by Miss Meckler as a mock mystical conference of green-garbed Doctor Kildares, swinging thuribles while Argan unsuspectingly quaffs his own urine.

I feel Mr Drury is wrong not to trust Molière's own macaronic Latin in this scene, but elsewhere he lands good robust equivalents to various name and ailment jokes. The modern setting is less suited to the *commedia* side of the plot. Argan's daughter Angelique is not a simpering good-hearted innocent but a bespectacled lump. Kathryn Hunter doubles her with her own poisonously disloyal younger sister, dressed up as a nurse with a bandaged teddy whose bottom is worn green with vigorously administered injections.

The Diafoirus father and son are re-christened Crapper-Smythe (a pertinent obeisance to the father of the modern lavatory) and played as pin-striped boobies by Jonathan Cecil and Jonathan Cullen, each doubling respectively with a madly scientific Professor Purgestool and the spiv notary.

Argan's sceptical brother (Brian Glover) is a no-nonsense refugee from the race track, Argan's wife (Marilyn Cutts) a suburban go-getter in baggy culottes. The maid Toinette is the mainspring of the plot and she is beautifully played by Mary Maddox with a spirit, energy and sense of fun that comes as a great relief when wondering why the evening is not as tumultuously enjoyable as it might have been. The low wattage of Mr Courtenay's performance is something to do with this and also the feeling that one or two of the others have painted on their parts with too thin a brush.



Alastair Muir

Marilyn Cutts and Tom Courtenay

ECO/Elizabeth Hall

Martin Hoyle

To counter the Leningrad Philharmonic a few yards away, on Tuesday the English Chamber Orchestra paired Thomas Allen, currently in Covent Garden's new *Figaro* under Haitink, with one of Haitink's compatriots: Hans Vonk, making his first appearance with the orchestra.

With three well-contrasted Mozart arias Mr Allen, in excellent voice, again proved himself supreme in musicianship and intelligence. "Un bacio di mano," that worldly-wise piece of advice to an emotional greenhorn with the refrain that would become one of the jauntier themes in the *Jupiter*, ideally needs a ripe Don Alfonso timbre to match the cynicism (it figures in the *buffo* repertoire as well); and the lower notes lacked the requisite fruitiness and resonance. But the showpiece aria for the sultan's sympathetic overseer in the fragmentary *Zaide* gave no grounds for such nit-picking. The singer managed the cruel vocal leaps and wide range of "Nur mutig, mein Herze" with technical ease and dramatically apt brightness of attack.

The most ravishing singing of the evening came in the serenade from *Don Giovanni* and illustrated why Mr Allen is a matchless Don. No hectoring bully, this Giovanni employs a lyrical melting tone, mellifluous enough to turn any prospective victim's legs to jelly. As far as characterisation goes, the passionately sincere yearning of this Don Juan proves that if the vocal equivalent of "come-to-bed eyes" exists, then he has it.

The programme opened with Haydn's Symphony No 82, strings mellow rather than incisive, and not free of the occasional curdled tone, though the dancing bear sounded in his robust element in the finale. Fears were allayed by the concluding *Apollon Musagete* which can emerge as aridly neo-classical. Mr Vonk pointed the rhythms of Stravinsky's ballet so that the strong sonorities never become turgid or woolly. Jose-Luis Garcia was the impeccable solo violin.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

October 9–15

Exhibitions

LONDON

The Tate Gallery. Turner in the new Clore Gallery: The Turner Bequest, which amounts to nearly 300 oil paintings, finished and unfinished, and a further 19,000 or so watercolours and drawings, has been a source of controversy and dissension ever since it came into the nation's hands more than 130 years ago. Turner had always wished for a gallery to himself which would show all aspects of his work. Whether he would have approved of James Stirling's extension to the Tate as a suitable setting is a nice question. The larger paintings may be hung too low for one who lived in a more ostentatious age, and the tasteful oatmeal Stirling has decreed for the principal galleries is a far cry from the rich plum he is known to have preferred. The vulgar neo-deco of the entrance hall has little to recommend it. But eight rooms for paintings and one for watercolours give room enough, and with the three reserve galleries upstairs, every painting but the few in restoration or on loan is on the wall.

PARIS

Bibliothèque Nationale: Fine Prints in France from the 16th to the 19th Century. More than 200 impressions of exceptional quality from the print department of the Bibliothèque Nationale show the infinite possibilities of artistic expression through varied techniques of printmaking. The panorama ranges from early engravings showing strong Flemish, German and Italian influence to the majestic Grand Siècle style under Louis XIV, from Boucher's pastel-hued *sujects galants* to the modernity of Toulouse-Lautrec and the striking colours of Bonnard. Bibliothèque Nationale, Galerie Mansart, 58 rue Richelieu. Ends Nov 2.

Francis Bacon: for his return to Paris, Francis Bacon is showing four triptychs among the 11 canvasses painted between 1984 and 1987. There is a self-portrait, a bullfight and a soberly dressed President Wilson next to Trotsky's study – full of blood, needless to say. The artist who finds abstraction utterly boring continues to torture and distort the human figure. Galerie Lelong, 13 Rue de Teheran (4563 1319). Closed lunchtimes and mornings Saturday and Sunday. Ends Nov 22.

WEST GERMANY

Bonn, Rheinisches Landesmuseum, Colmantastraße 14–18: Sculpture from the German Democratic Republic (East Germany). A result of the cultural agreement of May 1986 between *East and West Germany, this* exhibition includes 130 sculptures, some of them larger than life, and about 80 paintings of sculptures by 51 artists, and covers four decades. It offers a view of graphic works that have not even been seen in East Germany before. Among the artists are Gustav Seitz, Fritz Cremer, Werner Stötzer, Hermann Glöckner, Waldeman and Sabine Grzimek, Ingeborg Hunzinger and Franziska Lobeck. The show will be in Bonn until October 18 and then to Munich (Staatsgalerie moderner Kunst, Nov 5–Jan 3) and Mannheim (Stadtische Kunsthalle, Jan 23–Feb 21).

ITALY

Rome: Two exhibitions which opened to coincide with the World Athletics Championships in Rome. The first, (until November 15), Athla and Athletics in Classical Greece at the Palazzo dei Conservatori at the Campidoglio recounts the religious origins of this sport in Greece and includes a handful of fine statues (including the extraordinarily modern discobolus of Castel Porziano) and vases, while the second, at the Museo della Civilta Romana (Piazza G Agnelli 10, Eur-Rome), entitled Sport in Antiquity recounts how the games gradually became an amusement for the masses and a means of self-advertisement for emperors. The museum in which it is housed is little-publicised and full of fascinating objects (Roman surgeons' and obstretricians' tools, weights and measures and scale models of bridges, viaducts etc.). Ends October 25.

SPAIN

Barcelona: "Leonardo da Vinci. Nature Studies" 50 drawings on loan by the Royal Library at Windsor Castle, shown recently at the Metropolitan Museum, Stockholm and Tokyo. Centro Cultural La Caixa, Paseo de San Juan 108. Ends Nov 8.

Madrid: "Ouka Lele 1977-1987". A retrospective of Madrid's "movida," photographer with her colouring effects, shows her latest controversial piece "cibeles" requested by Madrid's town hall, halting the capital city's main square and causing a tremendous traffic jam last summer. Museo Espanol de Arte Contemporaneo, Avda Juan de Herrera. Ends Nov 3.

NEW YORK

Center for African Art: Angles on African Art features ten co-curators, ranging from an African tribesman to collector *David Rockefeller*, each of whom chose ten of their favourite pieces, making a well-rounded and diverse show. Other curators are writer James Baldwin, artists Nancy Graves and Romare Bearden and curator William Rubin. Ends Jan 3.

CHICAGO

Art Institute: Walker Evans photographs of the 1930s showing poverty and despair in the American South were famous in their time in Life Magazine and preserved in James Agee's moving book, Let Us Now Praise Famous Men. This exhibit is a reminder at a time of renewed despair in the American heartland of the scope and depth of Evans' work originally done for the Farm Security Administration. Ends Nov 8.

WASHINGTON

National Gallery: A Century of Modern Sculpture, the Patsy and Raymond Nasher Collection, contains major works by Rodin, Picasso, Matisse, Gabo, Giacometti, Ernst, Moore and Serra. Ends Jan 3.

TOKYO

European Nature in 18th Century Japanese Art. This exhibition is of Japanese art inspired by Dutch manuals imported into Japan in the early 18th century after the Japanese Government lifted its 200-year-old ban on foreign materials. The 180 paintings and sketches of European flora, fauna and people throw some more light on the Japanese phenomenon - information-hungry and seeking to catch up with the West from the first slight opening of the door to the outside world in 1720. *Suntory Museum of Art*, Akasakamitsuke. Ends October 25. Closed Mondays.

Saleroom/Antony Thorncroft

Wilsford goes mad

Sotheby's completely under estimated the popular obsession with the doings of the Bright Young Things of the Twenties and brought in £644,160 from the first morning session of its auction of the contents of Wilsford Manor near Stonehenge, the home of one of the brightest of the set, the Hon Stephen Tennant, who died earlier this year. It had estimated to make that sum from two days hard selling.

Along with American and London dealers in the packed marquee on the lawn were the likes of David Linley and Uri *Geller, who* paid £5,720 for a lump of rock crystal estimated at £400. The top price is a session mainly devoted to rather second rate and dilapidated furniture was the £27,500 paid by Spink for a Chinese lacquer and gilt six fold screen of about 1810 which had carried a top estimate of £10,000. A Geonese kingwood commode of the mid 18th century made £18,700. Of more interest was the £3,960 from an American bidder for the zebra skin pouff delivered to Wilsford in 1942 by Colefax & Fowler. It had been under estimated at £250.

A Victorian chair shaped like a shell and covered in ivory satin around 1935 made £2,310, and a plaster pink painted torchere, also part of the 1930s "improvements," went for £935. Among the serious furniture an unusual George III carved giltwood and gesso framed wall mirror of around 1760, in the Chinese Chippendale style, went to Christopher Gibbs for £18,700.

Sotheby's was also very busy in London. In its modern British picture sale the dealers A. & F. Gordon paid £16,500 for a portrait of a boy, Carlo, by the Irish artist Sarah Celia Harrison which had been expected to make £2,000 at the most. Obviously some customer had fallen for the rather vacuous looking youth. Pym, another London dealer, bought "Boats at anchor" by Philip Wilson Steer for £25,300, also far above the £3,000 rather cautious top estimate.

The market for 20th century British art is still strong. "Christmas roses" by Cecil Kennedy went for £9,680 and, showing that the Newlyn School remains the rage, Pym bought a small Stanhope Forbes portrait of a Cornish fisher boy for £8,800. "Portugal" by Edward Seago sold to Spink for the same price.

Another firm market seems to be port. Sandeman 1977 was selling for £242 a dozen at Sotheby's as against a £220 top estimate and Graham 1975 was just over the forecast at £132 a dozen. A dozen bottles of Taylor 1945 was on target at £1,650. In an Islamic auction a Heriz silk carpet found a new home at £48,000, also at the top of the forecast.

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Thursday October 15

Saying no is not enough

THE YEARS since 1976 have been halcyon ones for the department that loves to say no. In 1975-76 general goverment expenditure in the UK reached 48½ per cent of GDP. Ever since, the Treasury has been fighting a bitter war of attrition against its great enemies, the spending departments of Whitehall, but with no more than partial success. Properly accounted (namely, accounting for privatisation as a source of funding rather than as negative spending), the share of public expenditure in GDP in 1986-87 was still 44½ per cent.

Radical goals

With the "Star Chamber" again in session, it is timely to assess the Treasury's success in controlling expenditure. But it is pehaps more important still to assess this war of attrition against the radical goals of the Thatcher government.

Judged by the reduction in the share of public spending in GDP, Mr Denis Healey was the most successful of the last three Chancellors. From 48½ per cent in 1975-76, he succeeded in cutting it to 42¼ per cent just two years later. Under the Conservative government the ratio has never been as low as in 1977-78. The performance of the government in controlling public expenditure looks good only if the years of reference are 1981-82 or 1982-83, when the share soared to over 46 per cent.

So far the Government has been running to stand still or, rather, to get back to where it started. The nature of the effort and the reason for the pain are made a little clearer by examination of a few of the components of public expenditure. If one removes debt service and the main transfer payments through the DHSS, one gets closer to what is actually controllable. In real terms these components of expenditure were only 9 per cent above the 1978-79 level in 1986-87 (implying a compound rate of growth of a mere 1 per cent a year) compared with an increase of 17 per cent for the total.

It is evident that high real rates of interest and the consequences of high unemployment mask considerable stringency. The Government has, indeed, been quite strict in controlling what it can control, as it claims.

However radical elsewhere, the Conservative government has been true to its name on public spending. The boundaries between private and public responsibilities have certainly not been redrawn, the exception being the privatisation of profitable public corporations, which the Government has attempted to present as negative public spending. Given that underlying conservatism, radical reductions in the share of GDP taken by public expenditure could only have been achieved by a decision to cut to the bone one or more of the three main areas of spending (apart from transfers and debt service), namely, defence, health and education. This was hardly likely.

The result of the conservatism about the responsibilities of the state, combined with an unwillingness to spend generously to meet those responsibilities, has been the worst of both worlds. Only a small proportion of the population can afford to pay for education or health twice, once through taxes and once privately. At present, therefore, most people have to accept the level of provision of essential services, like education and health, which is determined by the state.

New demands

There are good reasons for believing that private preferences would lead to a growth in spending on health and education considerably faster than GDP. In the case of health, in particular, there are continual improvements in quality which are bound to create new demands. In addition, the costs of provision inevitably rise faster than those of goods and services in general. Accordingly, real provision has probably been squeezed by far more than suggested by the official figures.

At the moment the Government is naturally, and rightly, criticised for failing to cut the share of national income taken by the state, while also failing to provide the services that citizens demand. The solution must be either to increase the private role in paying for health and education or to meet those demands through more generous public provision and, if necessary, higher taxes. Otherwise, one merely achieves the emaciation of Leviathan. Saying no is not enough.

The bankers' preserve

BRITAIN'S new Banking Act leaves little room for argument on the question of whether banks are fundamentally different from industrial and commercial companies. By insisting that potential owners should submit to a 'fit and proper' test, it implicitly endorses the old orthodoxy: in view of their key role in the monetary and payments systems, together with their position of trust in relation to depositors, the banks are deemed to be entitled to protection from unwelcome predators. The problem has been to know how the Bank of England would interpret its mandate.

That uncertainty has now been removed by the Governor, Mr Robin Leigh-Pemberton, who indicated on Tuesday that the Bank would use its power to prevent large British clearing banks from being taken over by industrial and commercial companies or overseas institutions. The clarification was undoubtedly welcome, although it will not have pleased those who cheerfully speculated on the future ownership of Midland Bank (among others) in advance of a statement of Bank policy. It also leaves some niggling doubts about the height of the ring fence that the Governor is proposing to throw around the commercial banking system.

The fact is that big commercial banks are now different in a way that is not spelt out in the economic textbooks. Many of them are less credit-worthy than their bigger clients, in the aftermath of the Latin American debt problem and of their exposure to troubled industries, such as energy and agriculture. In these circumstances, it is not unreasonable for banks with weak balance sheets to look to strong non-banks for fresh capital.

Powerful case

This is not to deny the potential conflict of interest that may arise between the shareholders of an industrial company and the depositors of its banking subsidiary. But to exclude outside ownership of a bank is surely too draconian a solution to the problem. The lesson in the collapse of Johnson Matthey Bankers was not that industrial ownership was *per se* wrong, but that weak industrial ownership was bad, especially if the supervisors failed to do their job.

In a world where many consumers would probably feel as much or more confidence in Marks & Spencer as in Midland Bank, there is a powerful case for industrial and commercial control where the ownership is cash-rich and the supervisors use their power to look through to the parent company balance sheet and insist on proper capital support for the bank subsidiary.

Much the same arguments apply to foreign ownership of British commercial banks. It would be most undesirable if the ownership pattern in the clearing bank system was frozen or if foreigners were automatically excluded from providing a solution to the plight of individual banks. Given the political sensitivity of the monetary system, it is probably realistic to acknowledge that a line has to be drawn somewhere. The important thing is that it should not be rigid.

Dividing line

To his credit, Mr Leigh-Pemberton has left room for discretion: he favours a case-by-case approach to ownership which will respond to changing circumstances. There is, nonetheless, a risk that by appearing to set a fairly narrow overall view of fitness and propriety, he will have put in place too fierce a deterrent, not least because very few outsiders will, in practice, be willing to challenge the Bank's judgement in the courts.

In the longer run, there is also the difficulty that the dividing line between banks and non-banks is being eroded by developments in the markets and in technology. Commercial banks may be different, but the skills involved in financial intermediation or in payments systems are no longer the exclusive preserve of the bankers.

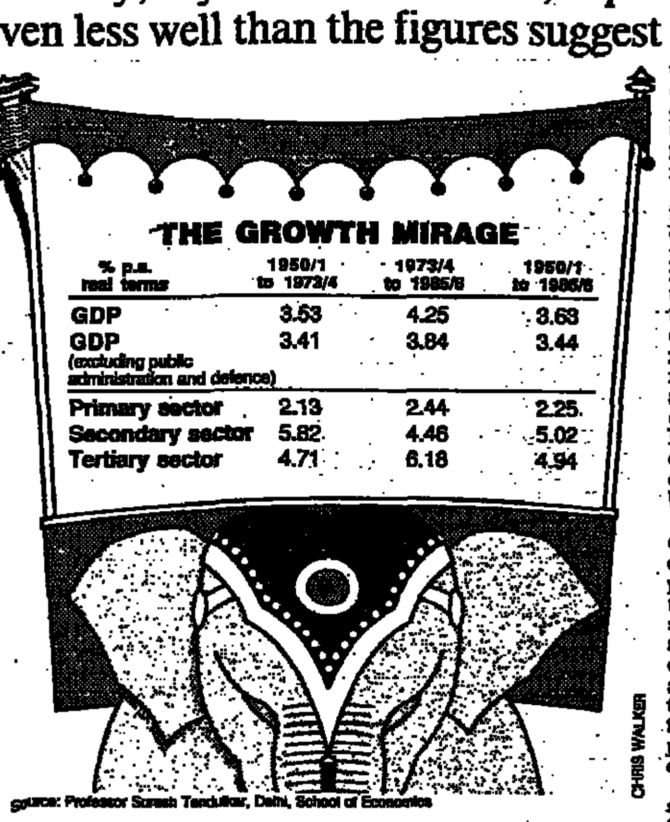
That is not, of course, an argument against seeking to protect the integrity of the financial structure; merely an observation of the growing difficulty of doing so. And one of the more welcome features of the Governor's speech was its recognition of the case for putting a ring fence around merchant banks was much less strong. The time has come for the Bank to take the point to its logical conclusion. Full disclosure is overdue in the merchant banking sector.

India's economy, says Michael Prowse, is performing even less well than the figures suggest

A case study in how not to do it

FOUR DECADES AGO, Jawaharlal Nehru, India's first post-independence leader, dreamed of bringing India materially to a level with the western world. This ambitious goal was to be achieved through the rigorous application of the principles of democratic socialism.

Today, most of his hopes lie unfulfilled. India, with its miserable annual per capita income of $270 (£163), falls into the World Bank's lowest category of developing country: it rubs shoulders with the likes of Niger and Somalia. Bolivia is getting on for twice as rich and South Korea is eight times wealthier. Even Communist China has enjoyed nearly three times as rapid growth of per capita gross national product.



THE GROWTH MIRAGE

% p.a. real terms	1950/1 to 1973/4	1973/4 to 1985/6	1950/1 to 1985/6
GDP	3.53	4.25	3.63
GDP (excluding public administration and defence)	3.41	3.84	3.44
Primary sector	2.13	2.44	2.25
Secondary sector	5.82	4.46	5.02
Tertiary sector	4.71	6.18	4.94

Source: Professor Suresh Tendulkar, Delhi, School of Economics

CHRIS WALKER

The poor economic performance is fully reflected in social statistics. More than a third of India's population - 300m people - subsist below the official poverty line. This means that basic nutritional needs are not met. Two thirds of the adult population cannot read or write. The infant mortality rate is nearly twice as high as in Vietnam.

Indeed, there is really only one standard by which India can be said to have done well: that of the British Raj. Between 1900 and 1946, India experienced total stagnation: GNP grew more slowly than the population. Food production virtually stood still and the result was extreme hardship and poverty.

India's post-war leaders would have been particularly dispirited by the dismal rate of industrialisation. The share of manufacturing in total national product has remained static at around 16 per cent since the mid-1960s. In South Korea and China, by contrast, the share of manufacturing in GNP has climbed to 28 per cent and 37 per cent respectively.

Even in agriculture, India's performance has been relatively unimpressive, despite the much-hyped "Green Revolution". Buffer stocks of grain have piled up in recent years, but only because people are too poor to buy all the food they need.

Productivity of some crops has risen, but the gains are unevenly spread and outshone by the achievements of other countries. Wheat yields are more than 50 per cent higher in China, according to the Tata group's Statistical Outline of India; Chinese rice yields are more than double those of India.

So what has gone wrong? Why has India done so badly? At first glance, excessive population growth seems a convenient scapegoat. There are now nearly 800m Indians, roughly twice as many as at independence. The explosive growth in numbers has undoubtedly put the hard-pressed planners under enormous strain.

But India's leaders can hardly seek to avoid full responsibility for failing to contain this explosion, for failing to find the right mix of social policies. Population growth is not something intrinsically beyond human control. Other countries, after all, have coped better with similar demographic challenges.

In any case, too much can be made of population growth. Even if India's population had stagnated since 1947, per capita income (other things equal) would only be around $500: still chronically low by the standards of successful developing countries.

There is no avoiding the conclusion that slow growth reflects the particular economic policies favoured by India over the decades. The fault, however, does not lie in macroeconomic policy. By the standards of most developing countries - and many industrialised countries for that matter - India has followed extremely responsible macro policies.

There have been no Indian hyper-inflations or debt crises. The volality of the growth rate has largely reflected the natural instability of agricultural output; it has not been much exacerbated by policy mistakes. Indeed, at times, macro policy may have been unduly cautious. A certain asceticism seems built into the Indian character: officials like to boast that India, in the wake of the first oil shock in the early 1970s, imposed on itself far more austere measures than even the International Monetary Fund would have demanded.

Microeconomic policy, on the other hand, has been little short of disastrous. The planners, until very recently, took a contemptuous view of the price mechanism. There was no question in their minds that they knew better than businessmen (and certainly consumers) what should be produced, where, and how.

More than a third of India's people live below the official poverty line

By the late 1970s, industry was swaddled in an unbelievable array of bureaucratic controls. Companies were unable to open factories, expand capacity, alter their product mix or close without explicit government approval - and this usually involved long delays and negotiations with numerous different departments.

Attitudes to both imports and exports were bizarre. Imports were seen as a threat to the prized goal of self-reliance, which apparently meant that India had to produce not just those things in which it has a comparative advantage, but *anything* produced elsewhere. Only imports deemed essential to India's domestic development were allowed.

The approach to exports was, if anything, odder still. The Indians who so meticulously planned everything else simply forgot about them for around three decades; or, at least, when they did remember them, it was only to slap on some new tax or regulation designed to guide erring companies back to the all-important home market. India simply stood on the sidelines in poverty while other east-Asian economies grew rich on the back of the post-war boom in international trade.

Attitudes to growth were also curious for a country that produces thousands of technically proficient economists. It was that if you piled up enough savings and invested them in sufficiently capital-intensive industries, growth would emerge automatically. Little or no attention was paid to the productivity of capital, which was impossibly low because of the controls and constraints.

Has anything changed as a result of the great "liberalisations" of the Rajiv Gandhi Government? The short answer is "not much". The present Finance Minister, for example, is embarrassed even by the word liberalisation; he likes to talk about "rationalisation". There are a few World Bank technocrats in top advisory positions who espouse the principles of textbook microeconomics. But their voice is growing fainter by the day. Meanwhile Mr Gandhi is beginning to grasp the political virtues of sounding like a decent, concerned socialist.

Some of the most absurd controls on domestic industry have been lifted - particularly those limiting expansion of capacity. But the process of deregulation, which was begun by Indira Gandhi at the turn of the decade (and not by her son), seems to have run into the sand.

Foreign trade looks like remaining extremely tightly controlled for the indefinite future. Smuggling of banned consumer imports thus continues on a vast scale. It is getting worse because the rapid spread of television (and hence advertising) in recent years has created demand for goods that Indian industry cannot supply.

The Government likes to pretend that growth has speeded up in the 1980s. Sadly, this is not true - at least not in the sense intended by the bureaucrats. The acceleration is almost entirely accounted for by very rapid growth of public administration and defence. The expansion of this particular part of the tertiary sector hardly seems an ideal platform for future economic development.

The outlook for India is thus quite bleak. It is a Third World pre-Thatcherite Britain: a chronic under-performer; a country that is largely still guided by the intellectual ideas Nehru and others picked up long ago at English public schools and Oxbridge.

To argue that India should strive much harder for microeconomic efficiency is not to argue that it should abandon its commitment to social justice. It would be a tragedy if India's commitment to egalitarian growth were ever replaced by crude libertarian economics. The point is that there is a sensible middle way that India, despite the claims made for liberalisation, has not yet found.

The Thoroughbred Business

By Jocelyn de Moubray

Hamish Hamilton: £12.95

I HAVE a soft spot for Nelson Bunker Hunt, the American commodities baron, as I do for all those roller-coaster mega-millionaires (they are not all billionaires) who devote part of their colossal wealth to seeking success in those most exalted of commodity-type endeavours: breeding racehorses and running them. (These activities are not one and the same thing, though each requires wealth on a decent scale.)

Unfortunately good ol' Bunker has run a little short of luck, as demonstrated by the news that he is "reluctantly" selling his entire breeding and racing stock at Kenneland, Kentucky, in January because of "business commitments in the oil and gas industries."

We are not talking about a few grey mares or other sundry nags, but about a holding that includes 285 thoroughbred brood mares, 115 two-year-old racehorses and 170 yearlings, plus investments in about 50 stallions. Bunker, who lives in Texas, has farms in nine different blue-grass counties in Kentucky, totalling about 8,000 acres, while Hunt-bred runners earned $5.1m (£3.1m) and won 281 races last year.

In short, we are soon to see one of the most spectacular dispersals in the history of the racehorse, which will dramatise the bizarre fascination these creatures exert on the world's richest investor-collectors.

Why do the rich love horses? The answers to this question are tackled with great skill by Jocelyn de Moubray in The Thoroughbred Business, where he establishes, at the outset, that "in every (bloodstock) transaction each party realises it may either be wasting its money completely or selling a gem for the price of a bead."

That is what it is about: uncertainty and gambling. "Nobody knows," writes this youthful Old Etonian, "what a good racehorse is," or rather what exactly it is which enables one racehorse to run faster than another. Equally, nobody knows how to set about producing a superior racehorse, or how to select one from a mass of relatively similar yearlings. Every participant formulates his own ideas or theories in the knowledge that they will never guarantee success, nor will any two different theories necessarily be mutually exclusive.

"This uncertainty," he continues, "is hidden by the myths and rituals of the bloodstock world. For if the business is to be a business its gambling aspect must be hidden and legitimised. Success must appear to be due to skill and superior judgment, not chance alone. The bloodstock market is formed by the play of information and misinformation, which both shrouds and illuminates this uncertainty."

All of which is true. To the rich, racing is the ultimate commodities game, with major success on the turf (or dirt) at least as satisfying as cornering the world market in silver, or pepper, or dahlia cuttings.

Mere millionaires ought to bear this in mind when the great bull market in equities ends its present run and they start casting around for alternative investment havens, for in the next two or three years it is possible that a wave of new money will slosh into bloodstock, producing more traumatic price spirals in the sport of kings.

If so, new investors ought to read this book, for it provides a cleanly written guide to the 1,001 things dabblers ought to learn before they venture to the sales ring or the race track and buy beads for the price of gems. De Moubray is succinct and sound on a wide range of matters, from taxation and exchange controls to the impact of Arab buying. And he continually illuminates his themes with elegant digressions, as with his claim that "all the attributes for which (a) horse is marketed - speed, stamina, beauty, fertility - are relative concepts of which there is no ideal... A stallion like Alydar commands an economic rent of something in the region of $15m every year...The figure is extraordinary, for a 12-year-old stallion has few, if any, alternative uses."

The 1,001 things dabblers should learn before they buy beads for the price of gems

In his final chapter, Things To Come, de Moubray briefly considers the two possible events that those within the bloodstock and racing businesses consider to be potential disasters: artificial insemination (AI) and withdrawal from the market of the Arab investors. The idea of millions of Alydar clones swamping race courses can certainly be exaggerated, though the main problems with AI - fraud and the belittling of the image of the thoroughbred - are not insignificant.

In addition: "The possibility of freezing sperm poses a threat. Without the inconclusive nature of its precepts, its mystery, its emphemerality and the play of information and misinformation, the thoroughbred business would be little more than a self-aggrandising lottery."

As for the Arabs, de Moubray speculates that it is at least possible that the period when Arab investors had their most critical influence on the bloodstock business has already passed.

He concludes that horse racing is both an odd business and an odd sport. Ol' Bunker would agree with that.

Michael Thompson-Noel

Men and Matters

No incentives allowed

Business and learning have an uneasy relationship at the best of times, but nowhere more uneasy than at the Columbia School of Business in New York where Asher Edelman, corporate raider and philosopher, is teaching class.

The debonair Investor's course on 'Corporate raiding: The Art of War' has been boffo with Columbia students - and with the Columbia faculty under John Burton, the Dean. But Edelman, who is currently fighting two takeover bids, went too far for Dean Burton when he offered a $100,000 finder's fee to the student who best identified a company for him to buy

Dean Burton admits that Edelman's course - which uses an ancient Chinese military handbook as one text - is 'popular and effective.' But he outlawed the award, saying that a 'direct economic incentive' would 'bias the academic environment.'

Nonsense, said Edelman - and he is still saying it: most professors use their students 'for consultancy and then don't pay them for it. I wanted to give the kids more of the real world. I wanted to shock them out of the complacent way a school teaches them to position themselves for success. I want to make them entrepreneurial.'

He even offered to match the award with a $100, 000 gift to the school

After a certain amount of constructive talk last week,Edelman gave in on Tuesday. He is 'loving' the teaching, and he wants another term. And the students? They are already entrepreneurs. Thirteen out of 14 supported the award idea.

"Ever since you told me we once had some Guinness shares, I dread the midnight knock on the door."

Keep company

The letter from his bank gave Antony Hodges a bit of a shock,to say the least.It informed him that,according to an entry in the London Gazette, his company, Ayers Hodges Ltd, would be struck off the companies register and dissolved in three months "unless cause is shown to the contrary".

Hodges,who runs a bakers business in Loughton,Essex,is grateful to his bankers,Lloyds,for the warning. Like most other businessmen he knows,he is not a regular reader of the London Gazette."If my bank hadn't spotted the entry and informed me,my company could quite easily have been dissolved without my knowledge," he says.

From inquiries by his accountant,he tells me,it appears that when Companies House had a manual system of vetting limited companies,it would approach individual companies to find out whether they were still functioning.

But now that a computer has taken over the vetting,it merely selects a number of companies,lists them in the London Gazette,and dissolves them if no objections are made within three months.

How many companies,Hodges wonders,have been struck off the register in this way?

Hodges has asked his MP,Sir John Biggs-Davison,to take up his case."I feel that this situation is one that needs to be investigated," he says."It would appear that the computer is now ruling us all and can take decisions without our knowledge."

A spokesman for the Department of Trade said last night that proper procedures had been followed in the case.The latest annual return for the company was for 1985.Two letters had been sent,one by recorded delivery to the company's office.The notice had been inserted in the London Gazette after no replies had ben received."We still haven't heard anything."

Tripped up

A furious campaign by Jean-Marie Le Pen, ex-paratroop leader of France's extreme right-wing Front National, to force French deputies to attend the National Assembly, would appear to have rebounded against him.

Yesterday in the European Parliament in Strasbourg, one of Le Pen's lieutenants was roundly criticised for taking a free eight-day trip to the US at the Parliament's expense - and only attending one 20-minute breakfast meeting.

A point of order was raised in the Parliament by Labour MEP, Glyn Ford, who demanded an investigation into the attendance of Jean-Marie Le Chevallier, treasurer of the Le Pen group in Strasbourg, on a parliamentary delegation to Washington.

Ford claimed the MEP had only attended the one breakfast, and had run up a bill for "extras" in his hotel of $445, which parliament was expected to pay. He estimated the total cost of Le Chevallier's trip to the taxpayer at more than £3,000.

"He had a free breakfast and cleared off, leaving taxpayers with a bill for £3,000," Ford said. "He should be forced to pay out of his own pocket for this scandalous waste of public funds."

Le Chevallier retorted later that the charge was "derisory" and that anyway there were no attendance rules for delegations to foreign parts. They could not be compared with attending parliamentary votes, he said.

Le Pen, himself, never appears to be embarrassed by such revelations. After all, he was himself accused last year of using just such a US trip to purchase a revolver, which was confiscated from him on his departure from J.F.Kennedy airport.

Legal moves

Baker & McKenzie, the London solicitors who are part of a worldwide legal partnership, have stolen a march on their competitors by becoming the first western law firm to operate behind the Iron Curtain.

The firm yesterday opened an office in Budapest in what Andrew Joanes, senior London partner, rather excitedly described as "a move of historic proportions."

It would, he said, be a vital link in the firm's extensive East/West trade practice and complement its comprehensive European and international network of 38 offices in 25 countries.

The office, opened with the approval of the Hungarian government, will advise western companies on joint ventures with Hungarian enterprises.

As if to show its even-handedness, Baker & Mckenzie also announced yesterday that it had opened an office in Palo Alto in California's "Silicon Valley".

Observer

ECONOMIC VIEWPOINT

Men are masters of their fates

By Samuel Brittan

IT WAS OVER a decade ago, just after the Labour Government's accord with the International Monetary Fund, when monetary targets had been adopted by the British Treasury that I went to visit the most senior of the 'unbelieving monetarists.'

Not entirely to my surprise he had piled on his desk several months' worth of circulars by Gordon Pepper of Greenwell's, the leading City expert on the monetary numbers.

They were there not because he believed they had anything of intrinsic value to teach him about steering the British economy. It was just a sad fact in the view of this official that Pepper influenced the financial markets; and an even sadder fact that the financial markets imposed severe constraints on the conduct of policy.

A decade later, in the autumn of 1986, I was in Paris *for a meeting* to celebrate the 25th anniversary of the Organisation for Economic Co-Operation and Development. The slogan of most top European financial policy officials was that policy-makers had to be extremely modest about what they could achieve.

The successor to the unbelieving monetarist was a believer in the power of financial markets to stop irresponsible policies, but not much else. Looking at Europe's unemployment record, I could not help agreeing that those present had a good deal about which to be modest, a remark which did not, of course, appear in the conference *volume*.

Behind the fatalism on both occasions was a fundamental misunderstanding. Market economists prefer to use markets to allocate resources rather than to rely on controls or government directives. But markets need a framework of rules and of policies if they are to function effectively; and the clearer and more predictable the government's own actions,the better.

It is a travesty of market economics for governments or central banks simply to follow in the wake of bond, money or foreign exchange markets without trying to give the lead; especially as these financial markets are as often as not themselves trying to interpret government policies.

The reason for backing the judgment of the financial markets against those of governments in the 1970s was that the markets were right about the inflationary policies and there was *little sign that tolerating* double-digit inflation brought any more sustainable growth. But that does not mean that the financial markets should always be fatalistically followed. For as Shakespeare's Cassius *reminds* us : 'Men at some time are masters of their fates.'

These reflections have been touched off by the way in which central banks have been tightening monetary policy in the wake of rising bond yields, which were evident long before the news of the German witholding tax. 'The bond markets' the argument runs, 'mistakenly think that the outlook has become more inflationary. But to *set market fears at rest*, we will tighten policy. Afterwards we may be able to relax again.'

As Philip Stephens remarked in *UK Gilts* on Monday, there is a danger that small upward moves in short-term rates administered by *central* banks will exacerbate inflationary worries by suggesting that central banks share them - which they probably do, sometimes in opposition to their own governments.

The background is not all that complicated. By 1985 the average inflation rate (measured crudely by consumer prices) had dropped to 3.8 per cent in the seven main OECD countries *and to just over 2 per cent in the* low inflation countries of West Germany and Japan.

The sharp drop in oil prices, together with a fall in other commodity prices, knocked a couple of points further from the inflation rate for a temporary period. For the main OECD countries a low of 1.3 per cent was reached in the 12 months up to the winter of 1986-87. The German inflation rate fell to a low of *minus* 1.2 per cent and the Japanese rate to one of *minus* 1.4 per cent.

Virtually every informed observer said at the time that this drop could not last. A once-for-all fall in oil and commodity prices *will have* a knock-on downward impact on inflation while it is occurring. But a year after the low point has been reached it will cease to affect the recorded annual inflation rates. The bounce-back effect has been increased by the fact that oil and commodity prices not merely ceased to fall, but *have staged a modest revival in* 1987.

Recorded annual inflation rates have inevitably jumped back from the temporary and unsustainably low levels of last winter. If one takes the latest six months at an annual rate, which probably gives an over-pessimistic picture, the inflation rate in the seven main OECD countries has been 3.6 per cent. In West Germany and Japan it has been around 1 per cent. Inflation rates being currently registered are still below those of the best years of the 1980s up to the oil price fall. Only in the US is the inflation rate a worrying 5 per cent.

If that were all there were to it, one would be tempted to say that the bond markets have got it all wrong; that they are a victim of the 'short-termism' that emerges from an excessive investment of time, energy and resources *in spot indicators* as they emerge on electronic screens.

The combination of electronic technology and the expansion of short-term financial markets activity have indeed led to some retrogression. Some of the earliest lessons of economic journalism, such as not going by one or two months' trade figures, the lags between depreciation and changes in nominal trade *balances, and much else, have* been forgotten and will have to be painfully relearned.

The problem of short-termism incidentally - so far from reflecting the existence of rich people in the financial markets - is precisely the opposite. The absence of long-term stabilising speculators to which the Chancellor referred at the IMF, reflects the domination of salaried institutional employees judged by their performance over, say, three months. Stabilising influences are more likely to be exerted by wealthy individuals dealing for their own account, who can afford to take a long view.

Nevertheless, these generalisations aside, is there not something in the market's fears? Even if inflation is still within its recent trend, is it not likely to accelerate in future?

The answer does vary from one country to another; and this is what makes the common cross-border sheeplike behaviour of all central banks so unimpressive.

The major country where there is the greatest danger of an acceleration *of inflation is* the US. The US imported low inflation from the rest of the world when the dollar nearly doubled against the D-Mark between 1980 and 1985. Similarly the US is likely to import high *inflation after the near-halving* of the dollar in the subsequent two years.

In addition, despite all the alarms and worries, domestic US economic growth has been faster than in most other countries and the margin of unused resources is shrinking. The American unemployment rate has just dipped to 5.9 per cent, in contrast to the European average of 11 per cent. If there is *overheating in any economy*, the US is the place to look.

Alone of the Group of Seven, the US already has an inflation rate higher than in 1985; and forecasters differ mainly on the rate to which they expect US inflation to accelerate.

An increase in US short-term interest rates was justified both because of the inflationary consequence of any further downturn in the dollar and, directly, to put a brake on the growth of US nominal demand.

A further fall in the dollar may or may not be a useful adjunct to measures, such as a reduction in the Budget deficit to improve the US savings-investment *balance. But to allow or* encourage a fall in the dollar in the absence of domestic fiscal measures (which can hardly be expected this side of the presidential elections) would simply worsen US inflation without even affecting the payments deficit by a noticeable amount.

Further increases in US interest rates may thus be necessary; but it will be sad if they are partially frustrated by copycat increases by German and Japanese central bankers, whose attitude both to the rest of the world and their own bond markets is characterised by Brecht's saying : 'I am their leader; I must follow them.'

Japan and Germany are far *from mirror images of each other*. Japanese industry has adjusted to the appreciation of the yen by cutting costs and Japanese industrial production is now 4 per cent higher than a year ago. Japanese profits are bouncing back from last year's decline; and industrial investment has continued on a strongly upward trend. Thanks in part to profit-related pay, Japanese wage costs have not increased since 1984.

By contrast, Germany's industrial production over the past few months has been below last year's. Profits are still under pressure and German spokesmen defend their country's industrial subsidies and labour-hoarding practice as necessary to social cohesion, as the British did before the IMF accord of 1976-1977.

However, Japan and Germany have in common a growth of demand, measured by Nominal GDP, which is well below the inflationary threshold; and well below that required to keep output growing in line with capacity. Germany's demand management *seems to have been more* overcautious than Japan's; and because its economy is less flexible, it has caused more damage, both internationally and to its neighbours.

If there is to be a demand stimulus in Germany, the case is overwhelmingly for a monetary rather than a fiscal stimulus. For the former favours investment and the latter consumption; and the OECD analysis shows that Germany suffers *from capacity bottlenecks* as well as demand constraints.

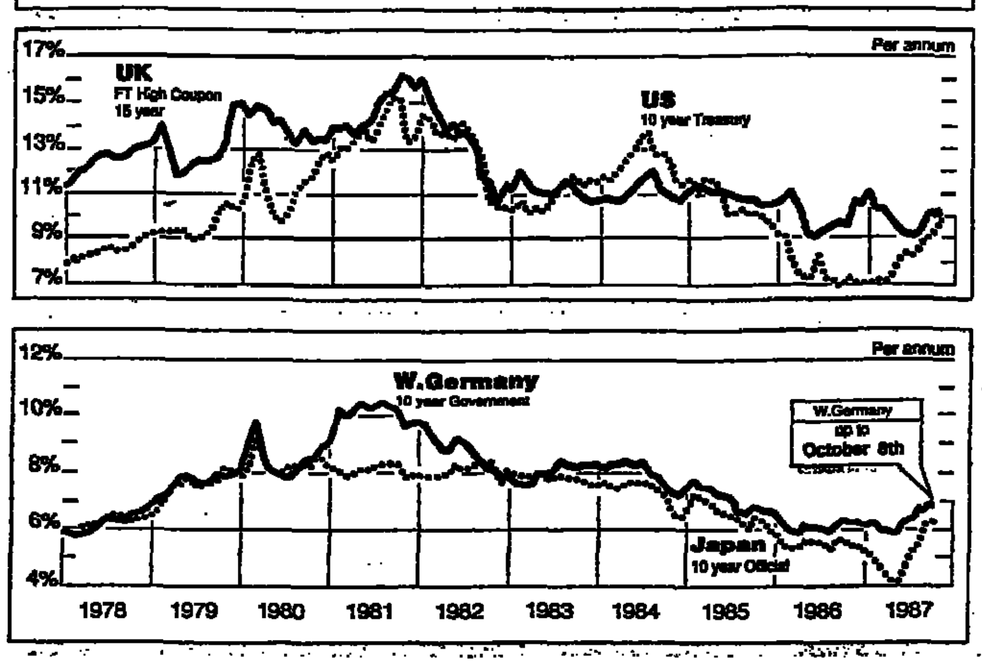
The purchases of dollars by the Japanese and German central banks amounted to a monetary easing by the back door. But surely that is justified, *if we believe that the former relationships* between the money supply, as defined in each country and its national income, have broken down.

The two central banks have however, taken fright, and are in the course of tightening policy because yields have risen in the bond market. The Japanese have at least the excuse of spiralling domestic asset values. The Bundesbank does not even *have that*.

Most business investment in every part of the world is effectively financed at variable rates tied to the short-term cost of credit. An unfavourable reaction in long-term rates could, therefore, have been faced, after which a fresh assessment could be made of inflationary risks.

On visits to Germany one hears grumbles about lack of intellectual leadership. The grumblers probably have in mind some transcendental sense of national purpose. But the lack applies to mundane matters of economic and financial policy, where the *leadership gap is dangerous* both to Germany and her neighbours.

LONG BOND YIELDS



JOE ROGALY

The cow that stays sacred

THE SMOOTH rhetoric of Mr John Moore's speech on Britain's National Health Service at the recent British Conservative Party conference was just that - smooth rhetoric. As the new-boy Secretary of State for Social Services Mr Moore tried to sound radical; in fact he acknowledged that the NHS - a taxpayer-financed mechanism for providing health care to everyone free of charge at the point of delivery - is here to stay. This is not an ordinary sacred cow. It has the durability of India's ancient stone bull, the Nandi, that gazes nobly down on the worshippers it dwarfs in so many holy places. The Conservatives are not about to attack such a revered object.

Yet the health service is in need of root-and-branch re-examination in at least three broad areas: the elimination of internal inefficiencies; the method of choosing which complaints to treat and how to treat them; and the setting of the optimum total cost of health care. Mr Moore told the Tory conference that "we have to sweep away myth, dispense with sacred cows, and conduct our discussions rationally." To judge from the *nudges coming* from his department the principal change that is envisaged is in the first area.

This will cause much expostulation, most of which can safely be ignored. *For all that is on the* table is the introduction of better management within the NHS, and the principal means of achieving that is by extending competition. In 1983 health authorities were required to put out to tender contracts for cleaning, catering and laundry services. Although more than 80 per cent of the contracts subsequently awarded have gone to in-house groups as opposed to *private companies*, the net annual savings achieved are estimated by the Government to be running at close to £100m.

A widespread extension of the process seems desirable. If cleaning services, why not pathology laboratories, or screening centres, or hospital building? Allowing competitive tenders for such services would not scratch the Nandi: the taxpayer would still pay, and the patient would not. *In* a pamphlet entitled Healthy Competition, published by the influential Centre for Policy Studies, John Peet proposes that health authorities should compete in most types of health care with both the private sector and one another.

This would mean changes in Treasury practice. Mr Peet, who was the Treasury principal responsible for NHS finance between 1984 and 1986, writes feelingly about proper capital asset accounting, sensible cross-charging, financial freedom for NHS managers, and the like. *He is even handed*, arguing, for example, that if there is to be fair competition private hospitals should be required to meet a proper share of the cost of educating and training staff, which at present is paid for out of the public purse. He is also still infected with a touch of Treasury-itis, as in his proposal for "some trammelling" of a doctor's freedom to refer patients to the consultant of his or her choice. That would be taking efficiency to an unacceptable extreme. Yet the broad lines of the "Healthy Competition" approach have plainly been set. The immediate question is how far Mr Moore will move towards internal efficiency by such-means.

That leaves untouched two main areas in need of re-examination.

As to the first - the method of *choosing which complaints to* treat on the NHS - it is perhaps too much to ask of any politician to comment on the quality-of-life arguments being pursued in academic studies. But it is now widely acknowledged that demand for health care is unlimited, especially where it is free. Most people pay for pharmaceuticals and dental services (although the method should be reformed to stress preventive dentistry) and there is a charge for fancy spectacles. The poor are exempt. Should *every* NHS service be free at all times, even to the middle classes?

As to the second, Britain gets away with a cheaper health service than most comparable countries. When all the efficiencies have been allowed for, it is almost certainly too cheap. It needs a bigger share of gross national product. Mr Moore *skated very smoothly indeed* around that one.

Letters to the Editor

Bake a bigger cake

From Professor W Buiter and Mr C Bean

Sir, - Samuel Brittan (October 8) argues that the United Kingdom *needs* a budget *surplus*. His debunking of the political arguments that will be rehearsed for more government spending is to the point, but the economic case he puts forward for a more contractionary fiscal policy is questionable. His argument is based on the view - common enough in the City - that the British economy is in danger of "overheating". He points out that the current *growth rate of 3½ per cent is in* the same ball park as the rate of growth of potential output, implying that *faster* demand growth cannot be accommodated. This ignores the fact that there are still unutilised resources *in the economy* - especially labour - and that a period of unsustainably rapid growth must occur sometime if these are to be brought back into operation.

What evidence is there of "overheating"? According to the latest quarterly CBI industrial trends survey only 45 per cent of manufacturing firms still report operating below capacity (compared to 46 per cent in 1973 and 57 *per cent in 1979*). *Nevertheless* some 69 per cet of firms say that lack of demand is a constraint on output, while only 22 per cent report that capacity is a constraint. The figures are 41 per cent and 28 per cent for 1973, while for 1979 they are 71 per cent and 13 per cent respectively. The conclusion must be that, while capacity is no longer being grossly under-used there is still only a limited danger of demand outstripping industry's capacity to produce.

There is the worsening trade deficit. But, as the Chancellor has noted, this is largely a result of the slow economic growth in the rest of the world and does not *reflect any fundamental* lack of competitiveness. Indeed to the extent that there is a competitiveness problem at this juncture it is little more than a reflection of the policy of *maintaining an overvalued* exchange rate on counter-inflationary grounds.

There is the recent acceleration in pay settlements. Indeed it is worrying that the benefits of increased productivity, as well as of the recent tax cuts, is accruing to those in work in the form of higher wages raather than to the unemployed as more jobs. The acceleration, however, is still quite mild - about ¾ percentage points since the beginning of the year - and this may be a necessary, but temporary price to pay if the long-term unemployed are to be reintegrated into the labour market.

Even if there is a degree of overheating, does it follow that the government should adopt a more contractionary fiscal stance? There is certainly truth in Brittan's view that the growth in demand has been uncomfortably weighted towards consumption rather than investment, but the best way out is surely not just to redistribute the cake, but to bake a bigger one. The government has considerable fiscal elbow room - the ratio ofthe national debt to GDP has been falling and is now *at historically very low levels* - and policies that enhance supply rather than (or in addition to) demand should be the order of the day. Income tax cuts are likely to have any beneficial effect on supply only in the long-run. In the short-term their effect is almost exclusively on demand. By contrast reductions in employer's national insurance contributions (preferably targeted at the long-term unemployed) are likely to have a much more immediate effect on supply. Coupled with increased public investment in the infrastructure and a more relaxed monetary policy to promote private investment, Britain's eco*nomic recovery can continue* without a rekindling of inflation.

(Professor) Willem Buiter,
Charles Bean,
London School of Economics,
Houghton Street WC2

Safe as houses

From the Secretary-General, Building Societies Association.

Sir,- Hugo Dixon's feature (October 9) attributed to me the comment that "the old-fashioned traditional building society is no longer tenable", following his comment that societies have to become generalised consumer financial institutions. The juxtaposition thoroughly misrepresents what I said to him and misreads the real position.

The traditional old-fashioned building society was an institution that raised all of its funds in the retail market, could virtually determine its operating margin, and was faced with an endless queue of borrowers. Such old fashioned building societies no longer exist. The modern day society is still specialist in housing finance, but raises funds from a variety of wholesale and retail sources, has made maximum use of advanced technology and offers services related to its mainstream business. It is also facing a much fiercer competitive environment, and is handling that *environment remarkably* well.

Mr Dixon also exaggerates and misunderstands the current problems which societies have. The 20 per cent limit on wholesale funds, which applies to balances not to new funds, is constraining only a *few* societies. The Building Societies Association has asked for the limit to be increased so as to stop it becoming a *significant* constraint, not because it is currently a major constraint. Mr Dixon's suggestion that societies which have tried to offer more general con*sumer financial services* "have almost invariably found their way blocked by regulatory hurdles" is nonsense. He gives the example of deposit based pensions. There is no regulatory constraint here under the Building Societies Act; the legal problems, which have now been overcome, related to deposits generally. Societies have moved swiftly and efficiently into many new areas without any regulatory problems.

Mr Dixon's conclusion that "building societies, as a distinct species, have little time to live" is difficult to substantiate. There is room in Britain, as in other countries, for retail finan*cial institutions* which are *not* full scale banks. Provided that they and their regulatory framework adapt to the rapidly evolving market conditions there is no reason why societies will not continue to thrive; they will have a lower share of the mortgage market than in the past, but a higher share of new markets which they have just begun to penetrate.

Building societies, and readers of the Financial Times, are entitled to a less sensationalised and more informed reporting of their affairs.

M J Boleat,
3 Savile Row, W1.

US 'bad faith' litigation

From the Chairman, Society of English and American Lawyers.

Sir,- In his interesting article (October 9) on US "bad faith" litigation, Mr Hermann, says that there is no sign that English courts will adopt the US system of damage assessment in such cases. As a general statement that is certainly true. In libel actions however, "aggravated damages" have long been awarded when it is considered that the motive and *conduct of* the defendant justify an award higher than might otherwise have been made. Interestingly these awards, which are quite distinct from awards of "*exemplary damages*", are *not* perceived as a penalty, but as a measure of the compensation properly due. Lord Reid explained this in Broome v Cassell by saying that when a defendant "behaved in a high-handed, malicious, insulting or oppressive manner...or at the trial aggravated the injury...that would justify going to the top of the bracket and awarding as damages the largest sum which could fairly be regarded as compensation".

We appear to have here a concept which could be developed and applied in other cases. If that provided some compensation to successful plaintiffs for the financial and emotional strain of litigation - at least in those cases where the burden has been increased by the defendant's conduct - that would, I believe, be widely welcomed as a blow for justice.

M J Brown,
Brown Cooper,
7 Southampton Place WC1.

Pan-European mergers

From Mr B Cassidy MEP

Sir, - Christopher Lorenz (October 12) highlights a major British problem in Europe - our preference for making acquisitions across the Atlantic rather than across the Channel. The danger we face is of being preempted in the European market (which should be regarded as our home market) by the Italians, the French and the *Swedes (who are not even members* of the European Community).

I wonder to what extent the blindness of British business to the opportunities on the Continent stems from the almost total ignorance in the City of how to buy into the Continental market. Most British merchant banks, for example, have very good links in North America but relatively poor ones on the Continent. There are noble exceptions like Hambros who are plainly benefiting from the advice and experience of Sir Michael Butler, the former United Kingdom Permanent Representative in Brussels.

Admittedly there are some respects in which it is more difficult to make acquisitions in Europe rather than in North America - among them the language barrier. Perhaps we need more multilingual yuppies in the City of London!

Bryan Cassidy
The Stables,
White Cliff Gardens,
Blandford, Dorset.

A different solution

From Mr J Rooker MP.

Sir,- I must say that I did not find the full page advert (October 9) by Price Waterhouse on the definition of a bicyclefor the purposes of import duty at all funny. Its client would not have had *any problems* if he had purchased his parts in Birmingham instead of Taiwan.

Jeff Rooker,
House of Commons, SW1.

FINANCIAL TIMES

Thursday October 15 1987

Robert Thomson questions whether Peking has learned any lessons from the recent unrest in Lhasa

Tibet remains a puzzle for Chinese

STANDING in the shadow of the Drepung monastery on the fringe of Lhasa, the Tibetan capital, two young monks draped in orange begged to look at a Western text on the region's history. They flicked through the pages with intense curiosity but when they came across a photograph of Mao Zedong, the former Chinese leader, both scowled and one drew back and spat.

Right: A Tibetan monk tries to breach a police cordon round the Chinese embassy in New Delhi

The two worlds of Tibet, the communist and the Buddhist, remain divided despite almost four decades of rule by the Chinese Communist Party and three decades of life without the Dalai Lama, Tibet's spiritual leader who heads a government-in-exile in Dharamsala, India, but who still occupies the hearts and minds of most Tibetans.

The protests and the violence of the past two weeks have proved to the party that it has yet to convert Tibetans to the worship of communist icons. They will prompt a reappraisal by Peking of its policies towards the two largest religious minorities, the Moslem Uighurs in Xinjiang and the Buddhists in Tibet.

Questions about Tibet and its population are provoking very different answers from the Dalai Lama and Peking. The Dalai refers to about 6m Tibetans and estimates that as many as 7.5m Chinese have been moved onto the Tibetan plateau within the past four years. Peking, which redrew the boundaries long ago, gives figures of 2m Chinese living alongside 1.8m Tibetans.

The two differ on almost every facet of the region's history, ranging from the ruthlessness or benevolence of past Lamas to whether or not the Dalai was kidnapped by a "counter-revolutionary clique" in 1959, after a failed uprising.

Certainly, Tibet remains remarkably impervious to Sinocisation. Each day, pilgrims armed with bottles or jars of yak butter tip the fluid into the rows of candles that glow in otherwise gloomy temples. Statues and murals are touched with bowed heads and in front of the Jokhang, a temple in the heart of Lhasa and on the site of the first protest, women clad in black and with their legs tied together just below the knee repeatedly prostrate themselves and draw arcs with their hands on the dusty pavement.

Chinese officials are bemused by such behaviour and have been smugly confident that the Tibetans and the Uighurs will eventually see the light of communism.

Yet the protests in Tibet have forced the Government to reconsider whether the religions of both areas are too deeply entrenched to be dismissed as passing phases. The inconsistent handling of the protests also reveals a lack of planning. Last week, 80 or so young monks were beaten during a peaceful march from Drepung to the centre of Lhasa. Surpisingly, those who were not in hospital were released the next day.

Just as there was a backlash after last year's student protests, bringing with it the launch of a campaign against "bourgeois liberalism" or Western influence, Communist conservatives will attempt to use a party congress later this month to introduce tighter controls not only on Tibetans, but on all Chinese. The conservatives will argue that most of the protesting monks are young and that the monasteries have become a breeding ground for counter-revolutionaries.

The sensitivity of the issue is illustrated by the fact that internal party documents criticising Hu Yaobang, the fallen party general secretary, cited his attitude towards Tibet as a major flaw.

In response to the protests, the party could decide to expand its programme of sending young Tibetans for education in other provinces, or to reduce the monks' power by installing party secretaries to run the monasteries. Lhasa may have to become accustomed to the police presence established in recent days, and movement to and from the region could be severely restricted.

All these measures would give Peking a greater sense of control but they would also irritate the Tibetans who have long realised that the "Tibetan autonomous region" is a misnomer.

Already, relations between civilian Chinese and Tibetans have deteriorated, with a marked increase in assaults on Chinese in recent weeks. One Chinese, who is restoring temples, has decided to stay away from work until the situation cools and another says he is afraid to leave his home at night. While many Chinese are lured to Tibet by the prospect of salaries roughly three times higher than they would normally earn, others are genuinely fascinated by Tibetan culture and can speak the language.

While Peking blames a "few splittists" for the protests, it does not seem to have understood the unusual circumstances behind the dissent. The Chinese failed to realise the significance of omens which partly inspired the monks to take to the streets. Before each of the protests, earth tremors shook Lhasa, and before two of the demonstrations, rainbows appeared over the city. A Drepung monk explained that the phenomena were signs that the "Dalai's soul is back in the Potala," the hilltop palace that dominates the Lhasa landscape.

Chinese officials regard the Tibetans as ungrateful, comparing the tolerance now being shown to the violence of the cultural revolution (1966-76). Yet Tibetans are far more interested in talking about the aborted uprising of 1959 and the continuing lack of freedom. And they have been encouraged to protest by returning exiles who hold Nepalese or Indian passports.

The Dalai Lama's intensified campaign to draw attention to the situation has given Tibetans confidence. Sensing that Sinocisation is slowly but inevitably wearing down the foundations of his support, he has called for civil disoebedience and better international links by winning the support of US congressmen.

Tibet has become a sore point in Sino-US relations. The Dalai Lama realises that he has a sympathethetic US audience. How well he plays to that audience will partly determine the size of the diplomatic problem.

At the weekend, the Chinese president, Li Xiannian, criticised the US Government for violating friendship treaties by allowing the Dalai to make "political" speeches. He, too, condemned a "few splittists" for attempting to divide the country, an analysis that is as wrong as it is simple.

The Chinese are the masters of their own fate in Tibet. If they handle the situation with sensitivity, by treating leniently the 50 or so monks still in custody and by seeking to solve religious problems, they should break the cycle of violence. However, if monks are executed and the police grip tightens, protests inspired by religion and a futile quest for independence could easily become racial violence on a far larger scale.

Tibet has been closed indefinitely to most foreigners, a Foreign Ministry spokesman announced in Peking yesterday. Only tourist groups with contracts already signed and other groups receiving the specific permission of the region's government will be allowed to visit.

THE LEX COLUMN

Still dishing out dollars

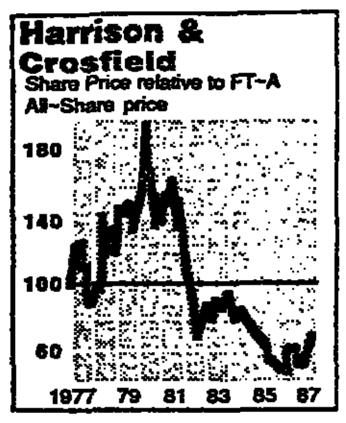
Monthly sets of trade figures are virtually unforecastable with any degree of accuracy, as economists themselves admit. So the fact that yesterday's US trade statistics were worse than expected is not in itself a justification for the reaction which immediately followed. After all, the $15.7bn deficit for August is not as bad as the July figure of $16.5bn. The dollar was more restrained in its fall than were bonds and equities, but then central bank intervention over recent months has taught currency traders a lesson. A long bond yield over 10 per cent is looking for a further discount rate rise, and US equities are belatedly discovering what the bond market has been worrying about for some time.

What is important is that each bad trade figure turns out not to be erratic but adds to a trend of depressingly slow - indeed, barely discernible - improvements in the US trade balance. Exports are up a bit, and the balance with Japan and Western Europe is tilting back a little in the US's favour, even if trade with some other nations is swinging the other way. Even so, the total trade deficit for the year will probably now turn out higher than last year's $156.2bn by $10bn or so, despite all the efforts. That presents US politicians, currently grappling with the trade bill, with the sort of seemingly clear choice politicians love - a still lower dollar or greater protectionism.

Short-termism

The CBI report on short-termism looks at first like a fudge, but on closer inspection is more an honest admission that the wrong question had been addressed. A year ago there was a panicky feeling that takeovers were getting out of hand, and that it was all the City's fault. The failure of the Pilkington bid has since calmed much of the panic, and some of the hostility against the City has been soothed by rising prosperity among industrial executives on the one hand and redundancies among young men with Porsches on the other.

The report is also an implicit reminder that takeovers are initiated not by shareholders but by managers. Various steps to make takeovers harder were rejected, explicitly on the grounds that they would be anti-market, but presumably also because even defenders hope to be aggressors some day. Interestingly, the task force for the



report represented predators like Hanson Trust and successful defenders like Allied Lyons, but no companies which had fought off hostile bids and lost.

Such proposals as won through are either uncontentious or mildly daft, such as the suggestion that capital gains tax should be lower for long-term shareholders. Managers, after all, would scarcely enjoy turning down an offer for a subsidiary on the grounds that it had not been owned long enough for tax purposes.

Section 62

In an ideal world the tasks of promoting the City internationally and protecting investors would not jostle within the same ministerial mind. Lord Young's decision to delay the implementation of Section 62 (2) of the FSA - which grants the right of civil action against a firm breaking an SRO rule - will be seen in some quarters as a failure to maintain the balance. But that announcement and his comments emphasising the self-regulatory face of the statutory/self-regulatory framework were well timed, on the day after the latest Guinness developments, to avoid a political storm.

There was perhaps a case for limiting the six month delay to professional investors, who might have been in a position to indulge in opportunistic litigation, but there can be no objection to the principle. It is certainly preferable to holding back those sections of the Act which are likely to cause acute confusion, there being so many of them. In the meantime there are several other avenues of complaint for the small investor, and by the time those could be properly explored six months should have elapsed. However, this delay must not be seen as a bridgehead for the "City lobby" from which it can push on to question the very basis of Section 62 (2). Such a campaign would anyway divert attention from the more important discussions on capital adequacy and corporate finance.

Midland Bank

Much of the recent speculative froth in Midland Bank shares was knocked off yesterday, as the City concluded that the Bank of England had declared the group off limits even for a blue-chip suitor like Deutsche Bank. It remains to be seen whether anyone dare challenge the Governor's "no nonsense" views on the ownership of a major UK clearing bank, but Midland shares could underperform the market until there are signs that its new strategy is producing results.

This may not be too far off. Yesterday's joint venture with Commercial Union to set up a new life company is another sign that the group is moving quickly to strengthen its position in the domestic financial services industry. Given the well publicised strains on its balance sheet, Midland would have found it hard to justify a major acquisition of a life company. For an initial outlay of little more than £10m, it has a ready made life assurance product which it will be able to sell direct to its branch network and, unlike National Westminster, it seems confident that this is what its customers want.

Harrisons & Crosfield

Harrisons & Crosfield used to be a plantations company with a host of peripheral businesses. It has now turned itself into a chemicals company with peripheral businesses. Although it should boost its full year pretax profits by more than a third to £85m, say, it is still unclear where the group is heading over the medium term. The injection of new blood at senior levels and the appointment of ex-M&G supremo David Hopkinson as deputy chairman should help raise its profile in the City. Nevertheless, the group's first efforts at revealing what was under its palm skirt at yesterday's press conference did little to dispel the belief that it has merely swapped its exposure to one cyclical industry for exposure to another.

Changes likely to Europe's capital reform

BY QUENTIN PEEL IN STRASBOURG

THE FINAL phase of liberalisation of all capital movements within the European Community - due to be presented to EC finance ministers next month - may require important changes to deal with tax evasion and differences in company taxation, the European Commission was told yesterday.

Protection will also have to be built into the system to prevent major movements of speculative capital, once all restrictions on personal cash transactions are lifted.

A memorandum on the consequences of the final phase of capital liberalisation was presented to the 17-member Commission in Strasbourg by Mr Jacques Delors, Commission President, and Lord Cockfield, Commissioner responsible for the internal market.

It spells out again the conviction that the absence of sterling from the exchange rate mechanism of the European Monetary System will cause harmful tensions and increase the danger of exchange rates overshooting relative changes in economic fundamentals.

The memorandum proposes a closer approximation of company taxation systems - to avoid investment decisions being distorted by significant differences between member states.

It promises a consultative paper on the taxation of enterprises by the end of the year.

On tax evasion, the memorandum states that because investment income will be payable into bank accounts in any member state, the risk that it will not be declared in the country of residence will be heightened.

One solution would be the imposition of a generalised withholding tax, similar to that proposed in West Germany. That would guarantee a minimum level of revenue in the country where the income arises, and be allowable against tax in the country of residence.

Another would be to oblige banks to disclose information to the tax authorities, although this would certainly fall foul of bank secrecy regulations in countries such as Luxembourg.

"The problem of fiscal evasion presents the member states with a major dilemma," the commissioners were told. Prospects for a generalised withholding tax in the EC seem "remote," but co-operation between the tax authorities of the different member states looks more likely.

The Commission, whose plans are already under discussion in the EC monetary committee, accepts the need to maintain safeguard clauses for member states facing short-term movements of capital.

It also proposes a single instrument for medium-term balance of payments support, both for countries in balance of payments difficulties, and those seeking to liberalise capital movements, despite a "precarious" external position - a reference to those such as Ireland, Greece, Spain and Portugal still protected by safeguard clauses.

Brock to resign and join Dole campaign

By Stewart Fleming in Washington

MR WILLIAM BROCK, the Reagan Administration's Labour Secretary, is planning to announce today that he is resigning to become chairman of Senator Robert Dole's Presidential election campaign.

The news is another setback for a Reagan Administration which is being weakened by a steady stream of departures as the end of the President's second four-year term approaches. Mr Brock was expected to play a key role in helping the White House shape the Trade Bill on Capitol Hill.

However, it represents a major coup for Senator Dole. Mr Brock is recognised as one of the shrewdest political tacticians in Washington, and he demonstrated during his years as chairman of the Republican Party between 1977 and 1981 a widely admired talent as a political organiser.

Mr Brock's decision to join the Dole campaign is also being seen as a setback for Vice-President George Bush, his main rival for the Republican Party's presidential nomination.

In theory, Mr Brock as a moderate Republican could have opted to join either candidate. His decision to commit himself to Senator Dole suggests that he believes Mr Dole is the stronger man.

Mr Bush's campaign, while better financed and organised than Senator Dole's, lacks a political strategist of the calibre of Mr Brock. Mr James Baker, the US Treasury Secretary and a friend of Mr Bush, has not yet committed himself to managing the Vice-President's campaign.

Mr Brock's will be the second top-level defection from the Reagan Administration to Senator Dole's campaign in recent weeks. Mrs Elizabeth Dole last month quit as Transport Secretary to begin to play a prominent role in her husband's presidential campaign.

Both Mrs Dole and Mr Brock, who is a former US Senator from Tennessee, are southerners. They are expected to strengthen Mr Dole's campaign in an area of the country that both political parties see as crucial, in part because of the bunching of presidential primary elections in a dozen Southern states on March 8.

Mr Brock's arrival at the Dole campaign headquarters may also resolve a problem which has plagued the Senator so far. He is perceived to have been too actively involved in day-to-day management and his top staff too often divided and unsettled.

The appointment of Mr Brock could herald a reorganisation of Mr Dole's campaign.

Death toll rises as Indians besiege Tamil stronghold

BY MERVYN DE SILVA IN COLOMBO

THE DEATH TOLL in Sri Lanka mounted yesterday as Indian troops trying to capture the northern city of Jaffna encountered sustained resistance from Tamil Tiger guerrillas.

Widespread food shortages were reported as heavy fighting and prolonged curfews meant that the entire Jaffna peninsula was under virtual siege. Three trucks carrying Indian soldiers from Manipay to Jaffna were reported missing and there are fears that they had been ambushed.

Indian reports listed 30 more soldiers dead, raising the official Indian death toll to 57 since the peacekeeping force launched its offensive on Saturday against Jaffna, the Tamil stronghold 300km north of Colombo. One report from India said that 29 of the Indian patratroopers dropped into Jaffna on Monday had been killed.

A spokesman for the Tulf, the main Tamil parliamentary party, said that at least 300 Tamil rebels had been killed and civilian casualties were "quite high." He claimed that about 80 Indian soldiers had been killed and more than 150 wounded.

No journalists are being allowed into the battle zones, making it impossible to verify claims by either side.

Indian officials have been predicting the fall of Jaffna for two days but there are serious doubts about how far Indian troops have been able to advance. The alleyways of Jaffna city are idea terrain for guerrilla warfare and the heavily-armed Tamils appear to be proving extremely difficult to dislodge. Pitched battles are unofficially reported to be continuing in almost every street leading into the city.

An Indian spokesmen claimed last night that one column approaching Jaffna city from Navatikuli, a few kilometres south, was barely a kilometre away from the heart of the northern capital, while two other columns were also closing in on the city.

An unofficial Tamil report, however, said the Indians had been unable to make any advance along three major roads towards Jaffna since noon yesterday.

Guinness arrests delay report on takeover bid

BY CLIVE WOLMAN IN LONDON

THE REPORT of the inspectors of the UK Trade and Industry Department into Guinness, which was launched last December, is likely to be held back until after the trial of the four men so far arrested and charged with theft and share manipulation during the £2.5bn ($4.1bn) Guinness takeover bid for Distillers.

According to detectives involved in the case, the Director of Public Prosecutions in May asked the police to investigate possible crimes and bring appropriate charges as soon as reasonable so that the trials could be held before the inspectors' report was published. Any earlier publication of the report might, it was felt, prejudice the defendants' chances of a fair trial. Originally, the Trade and Industry Department indicated that it had asked the inspectors to complete their report as quickly as possible and certainly within a year.

So far 17 members of the fraud squad of the Metropolitan Police have been deployed in investigating the case. They have been given access to the transcripts of all the evidence given by participants to the inspectors.

A complex procedural dispute is likely to arise in the course of a trial over the admissibility of the evidence given to the inspectors. Because the inspectors can compel witnesses to give evidence with the threat of imprisonment, the subsequent use of the evidence against them is likely be challenged as undermining indirectly the traditional right to silence.

Both in the City of London yesterday and elsewhere, people expressed surprise at the wide-ranging charges that were brought on Tuesday against Mr Gerald Ronson, chairman of the Heron Corporation, and Mr Ernest Saunders, the former chief executive of Guinness. Many considered that the police may have overreached themselves by bringing theft charges for possibly fairly technical breaches of the Companies Act.

Mr Ronson appeared in Bow Street magistrates court, London, yesterday morning to face eight charges, including the theft from Guinness of more than £6m. He was granted bail on two securities of £250,000 each, which were provided by Mr Trevor Chinn, chief executive of the Lex Group, and Mr Harvey Soning, a London estate agent. He has been remanded until November 6.

Background, Page 10

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	F	22	72	Dubrovnik	F	18	64	Malta	C	23	73	Rhodes	S	24	75
Algiers	S	24	75	Edinburgh	C	10	50	Manchester	S	10	50	Rio de J'o	R	34	93
Amsterdam	S	13	55	Faro	S	19	66	Manila	S	33	91	Rome	F	23	73
Athens	S	24	75	Florence	R	18	64	Melbourne	F	20	68	Salzburg	C	13	55
Bahrain	F	33	91	Frankfurt	C	13	55	Mexico City	S	26	79	San Francisco	S	19	66
Bangkok	C	33	91	Funchal	S	24	75	Miami	S	21	69	Seoul	C	21	70
Barcelona	S	21	70	Geneva	C	13	55	Milan	C	15	59	Singapore	TH	28	82
Beirut	C	-	-	Gibraltar	S	23	73	Montreal	C	12	54	Stockholm	C	11	52
Belfast	S	11	52	Glasgow	F	10	50	Moscow	C	8	46	Strasbourg	R	13	55
Belgrade	S	16	61	Guernsey	C	12	54	Munich	F	13	55	Sydney	F	17	63
Berlin	C	13	55	Helsinki	C	9	48	Nairobi	S	30	86	Taipei	S	32	90
Biarritz	R	19	66	H. Kong	F	29	84	Naples	F	22	72	Tangier	S	21	70
Bombay	S	33	91	Innsbruck	F	11	52	Nassau	C	30	86	Tel Aviv	S	27	81
Bordeaux	R	14	57	Inverness	C	8	46	New Delhi	S	33	91	Tenerife	S	25	77
Brussels	F	13	55	Islamabad	R	30	86	New York	S	13	55	Tokyo	S	23	73
Budapest	C	14	57	Istanbul	S	25	77	Nice	F	20	68	Toronto	S	12	54
B. Aires	C	17	62	Jakarta	S	32	90	Nicosia	S	30	86	Tunis	S	26	79
Cairo	S	29	84	Jersey	C	12	54	Oporto	C	18	64	Valencia	F	24	75
Cape Town	S	21	70	Jo'burg	F	17	63	Oslo	R	9	48	Venice	F	16	61
Caracas	C	29	84	Lima	R	21	70	Paris	C	13	55	Vienna	S	16	61
Casablanca	S	22	72	Lisbon	C	19	66	Peking	C	16	61	Warsaw	C	11	52
Chicago	S	18	65	London	S	18	65	Prague	F	14	57	Washington	-	-	-
Cologne	C	13	55	Los Angeles	S	22	72	Reykjavik	C	5	41	Zurich	C	11	52
Copenhagen	C	11	52	Luxembourg	C	10	50								
Corfu	F	22	72	Madrid	S	17	63								
Dallas	-	-	-	Majorca	F	23	73								
Dublin	S	12	54	Malaga	S	23	73								

Readings at mid-day yesterday
C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Argentina's new curbs

Continued from Page 1

The telecommunications sector is to be opened up to private sector participation and the foreign debt capitalisation scheme is to be made more attractive by reducing the 50-50 ratio requirement of new funds for each dollar of debt converted to equity, to a lower 30-70 ratio.

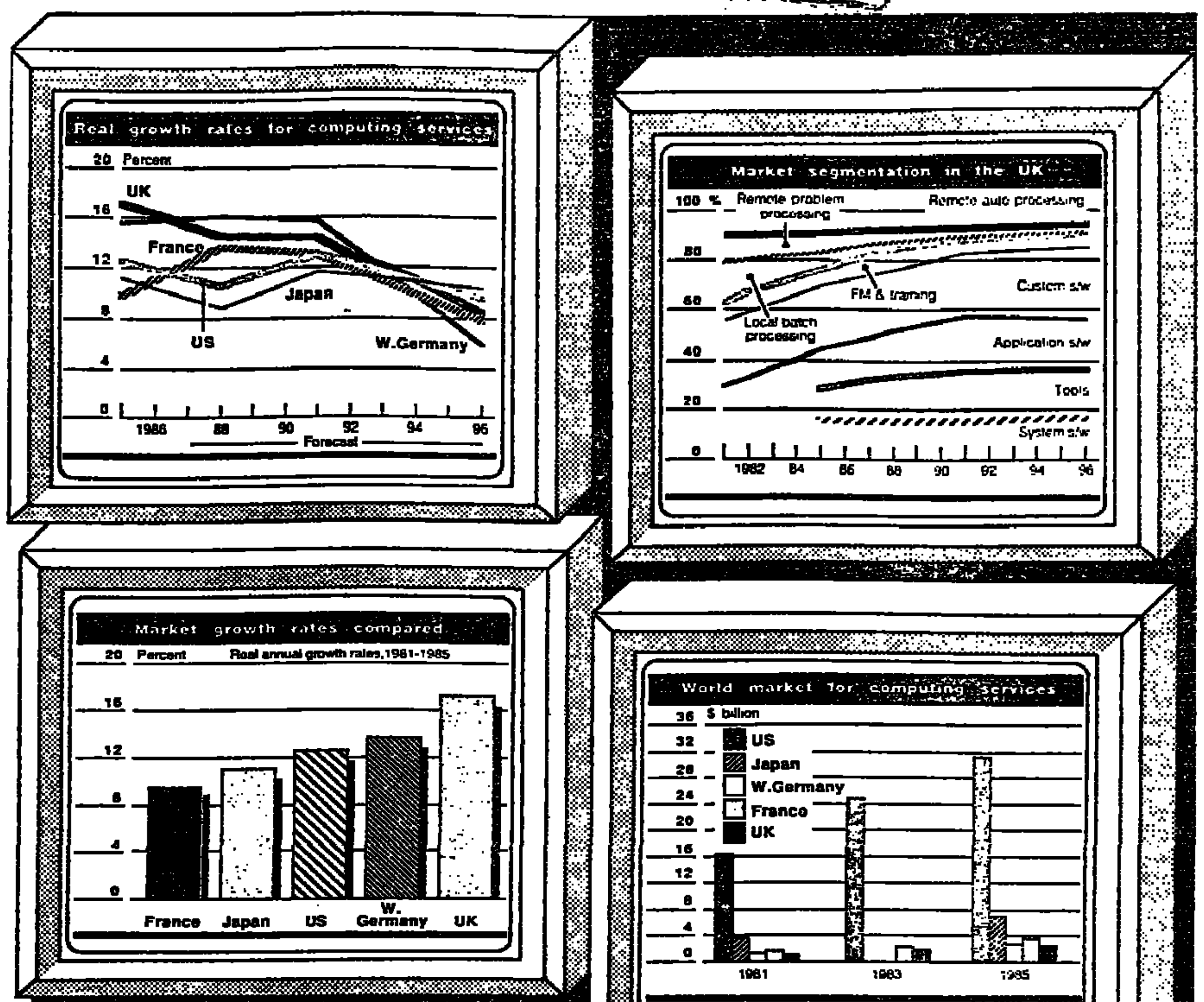
An across-the-board wages increase of 12 per cent has been authorised before the freeze, alongside a 75 per cent increase in the minimum wage, with the aim of heading off the possibility of a general strike which is being threatened for this Friday by the powerful General Confederation of workers (CGT).

President Alfonsin has taken the initiative in consultation with the opposition Peronist Party, which made major gains in the mid-term elections last month. However, full support for the measures was still uncertain yesterday.

SECTION III

FINANCIAL TIMES SURVEY

Most companies in the computer services industry are thriving and producing good profits. Mergers and acquisitions are increasing, however, prompted, in part, by the shortage of software specialists and innovative projects. Increasingly, entrepreneurs in the sector will be able to claim high rewards on a regular basis, as **Alan Cane** reports here.



Sources: UK Government Statistics;International Data Corporation;Coopers & Lybrand Association

Computer Services

CONTENTS

Merger trend intensifies

THE STRUCTURE of the computing services business worldwide is changing fundamentally, driven by a succession of acquisitions, mergers and management buy-outs, the pace of which, in recent months, has bordered on the frenetic.

Over one period of 10 days in the UK earlier in the year, a new deal was being announced every day.

Among the more significant were:

- Business Intelligence Services (BIS) of the UK was sold to Nynex Corporation of the US for £75m.

BIS is best-known for developing and marketing an international banking package called Midas which has now been installed in over 400 sites in 50 countries.

- Computer Associates, a leading US supplier of systems software, took over Uccel, also a systems software vendor, in an agreed $800m merger. The two companies together now form the largest independent software business in the world.
- Istel, the systems arm of the Rover Group, was sold to its management in a deal valuing the company at £35m. Istel specialises in manufacturing automation systems and in data communications, running one of the UK's best-known value-added network services.

The pace of change was particularly lively in the UK. According to figures prepared by Mr Peter Rowell, managing director of Regent Associates, there were 48 acquisitions involving UK information technology companies in the first half of 1987 compared with 29 in the first half of 1986.

Regent Associates is itself part of the structural change in the industry. Set up as a joint venture between the International Data Group and Mr Rowell, in association with the merchant bank, J.Henry Schroder Wagg, it aims to provide consultancy and financial services to computer services companies looking for buyers or sellers.

A similar monitoring of activity in the US has been carried out by Broadview Associates, a leading investment bank which claims to orchestrate about 25 per cent of all the mergers and acquisitions in the US information technology business, and best-known in the UK for its work on the BIS-Nynex acquisition. (It also engineered the Computer Associates - Uccel merger).

Its latest figures, prepared in collaboration with Adapso, the US computing services industry trade association, suggest that the end is not in sight:in the first six months of 1987, 137 deals worth $2.1bn were announced, compared with 130 deals totalling $1.9bn in the same period last year.

Mr George Grodahl, a partner at Broadview Associates, observes: "In spite of the rush to complete deals by the end of 1986 and the dramatic groundswell of merger activity last year, deal-making in the computing services and software business will continue to increase through the rest of 1987.

"The rise in deals in this industry is part of a 15-year trend, being fuelled by a large and growing number of aggressive acquirers."

His comments about the rush to complete deals by the end of 1986 refer to changes in the US tax laws which made it advantageous from a capital gains point of view for a seller to complete the deal before the New Year.

Increasingly, it seems, entrepreneurs will be able to claim high rewards on a regular basis.

The reasons for the spate of takeover activity are complex in so heterogeneous a business as computing services, but most experts agree that there is a shortage both of software specialists and of innovation world-wide. Increasingly the larger companies see the acquisition of smaller, but successful competitors as a way of meeting both requirements.

In the US, too, as Mr Bernard Goldstein of Broadview points out, "it is seen as a sign of success, not of failure, when an entrepreneur sells his business at a profit. It is seen as his proper reward."

Examples include US software house Borland International which paid $37m to buy Ansa Software in July, and Reuters, the London-based financial information group which bought the Canadian software house, I P Sharp Associates in April for £30.4m.

Borland is an aggressive software company specialising in low cost personal computer software - its first major success, "Sidekick," was a desk-top organiser. Ansa markets a well-regarded personal computer relational database, aimed at the corporate market.

Talent in the services business is not limited to bits and bytes, however - and one of Borland's aims may have been to gain some instant credibility with corporate customers through the appointment of Mr Ben Rosen, a noted venture capitalist with Lotus, Compaq and now Ansa to his credit, to the Borland board.

Reuters' interest in I P Sharp seems to be chiefly related to its plans to deliver a complete range of financial services to its companies world-wide. I P Sharp operates a world-wide datacommunications network, giving its subscribers access to some 130 computer databases of information.

It also has special software for borrowing and lending of securities and for limiting global risk for foreign exchange dealers that would have cost Reuters' time and money to have written for itself.

Mr Rowell of Regent argues that truly innovative products come from small companies which foster the right environment for entrepreneurial thinking: "This factor causes problems for larger organisations which need to maintain a leading edge product line. It means they often have to buy access to the latest technology."

For many acquirers, however, there is simply the appeal of buying into one of the fastest growing of the new technology industries and one which seems to have been only slightly affected by the slowdown in growth in the electronics and computer business.

The argument goes that when customers cut back on equipment purchases, they turn to the computing services industry to make the best use of what they have.

Mr Grodahl of Broadview sums it up: "With foreign companies increasingly buying into the US market and first-time acquirers being increasingly lured by the superior return-on-equity performance of the information technology industry, the brisk pace of merger and acquisitions activity will continue."

The computing services business, nevertheless, is not homogeneous and its component sectors are growing at different speeds.

The archetypal computing services business, computer bureau services, are growing slowest of all at around 10 per cent a year. Bureaux traditionally provided services to customers who had either no computer systems or insufficient computer capacity, but their business has been badly hit by the falling cost of computer hardware, which has made it easier for companies to carry out their own data processing.

Fastest growth rates, of over 20 per cent a year, are seen in software, both custom and bespoke, and consultancy.

The microcomputer software package market, for example, continues to be led by the best selling spreadsheet from Lotus, 1-2-3, which has been at the top of the list for several years now, despite a host of imitators.

The estimate is that it has about 70 per cent of the market for spreadsheets running on IBM personal computers or compatibles.

For the first time, however, it may have serious competition in Excel, a well-regarded spreadsheet developed by Microsoft which until now has been available only on the Apple Macintosh computer. Microsoft has now announced its availability for IBM-type machines. Lotus' response was to announce that a version of 1-2-3 would be developed for the Macintosh

According to figures produced by IDC in collaboration with the European Computing Services Association, the size of the market in Europe in 1986 was $23.5bn and the real growth during the year about 19 per cent.

Packaged software grew fastest at 23 per cent with training and custom software close behind

Figures for the US are harder to establish but according to IDC, in 1985, the total size of the US market was just over $30bn, which at that time was 54 per cent of the world market.

Since then, the decline in the value of the dollar has made it difficult to draw accurate comparisons. In particular, it has made it difficult to estimate the true performance of leading European software houses like CAP Sogeti Gemini of France, Scicon of the UK or Software AG of West Germany.

Nevertheless, despite problems of measurement, there is little doubt that most computing services companies are thriving and producing good profits.

A worry is that large companies without a presence in information technology, but with little idea of how best to cultivate and sustain organisations which frequently depend on the ideas and energy of a handful of people, may attempt to acquire services companies to secure a part of what is seen as a flourishing business.

The world's stock markets may be prepared to support services companies in a way to which they have not been accustomed in the past, but that does not mean that their understanding of what the business is about runs any deeper than before.

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Computer languages

Cobol, Fortran ...and Babel

FOR AN industry that prides itself on innovation and technical change, the development of computer programming languages is a slow business. The majority of commercial programming is still done in Cobol, a language specified in the late 1950s.

A lot of scientific programming is still done in Fortran, a language first defined in 1953 when computers were built from valves. But a large number of new languages have been defined and run since these two high-level languages were first introduced. Some of the new languages survive in niches of applications where their strengths, and weaknesses, are lauded by an enthusiastic group of users.

Other languages have yet to make their impact and, when they do, will change one of the four major areas in which computer languages are used - commercial, real-time control, systems programming and artificial intelligence (AI).

Software houses operate in *all of these areas, but the 7,000* or so traditional computer installations in data processing departments employing more than five personnel are interested mainly in the commercial languages and here the overwhelming leader is still Cobol. No other third-generation language *has* been *able to* shake *its* hold on the regular commercial applications development.

A relatively small group, mostly centred in the UK, use IBM's PL/1, which was standardised in the mid-1970s. The traditional data processing departments, instead of searching *through the many third*-generation languages for a replacement to Cobol, are looking to fourth-generation languages.

They hope that the reported increases in productivity - as much as 20 to one in the productivity of the average programmer - will be realisable.

But they know that there are drawbacks. They are faced with moving from the standardised world of Cobol where the skills are available and, to an extent, the code can be transported to many machines.

They are moving to a non-standard world where the code *may run only on a particular set* of hardware because the fourth generation language is implemented on that hardware.

Mr David Bowers, manager of the Sesame project at the UK software house, Logica, voiced the concerns of most commercial programmers when he said there is a need for standardisation in fourth-generation languages (4GLs). Like other software houses, Logica does commercial *programming* for its clients. The Sesame project aims to keep Logica staff up-to-date on developments in technology outside the company.

There are a growing number of 4GLs for commercial systems development. Some, such as Application Factory from RTZ Software, come from the Digital Equipment environment, strengthing Digital's assault on the commercial market.

Others are focused on the largest installed base of larger commercial computers, IBM's 370 architecture. IBM also has 4GL products such as Intellect, a query and report generation system using English language-like commands.

The essential elements of commercial programming, it is being recognised, are an interactive session querying a database. Where the use of the data*base is* central, rather than the raw performance of the system, database-query languages are being increasingly used. To some extent there is a standard in IBM's Structured Query Language, implemented first as the database access language for IBM's SQL/DB database under *the VM* operating *system*.

Other vendors have taken up SQL and are designing products for mainframes, minicomputers and personal computers that give the database enquirer the same facilities and commands as SQL. Eventually, an international standard definition of SQL *will merge from the world's* standards authorities. But where performance is vital, SQL or any other high-level approach is being dropped in favour of machine-specific languages offered on fault-tolerant processors.

This move is most developed *in the financial area, says Mr* Lawford Russell, technical director of CAP. Here the Assembler-type languages offered for Tandem, Stratus, Digital Equipment, NCR and other fault tolerant computers are being employed.Mr Russell says that the programmer cannot go too far *away from the machine's* assembler if the features of fault tolerance are needed in the application.

In financial systems they are increasingly important. In other commercial applications the reliability of systems and their availability over 24 hours will become common place. This will drive other commercial users down the same path as the financial users into the increasing use of machine specific languages.

Probably the largest and most predictable change occurring in languages is the movement from earlier real-time control languages to Ada. The military sphere is pushing Ada as the standard programming language for embedded systems within command and control environments and within weapons.

The amount of pressure that the military can exert means that Ada is likely to be used for *more real-time applications* than just embedded software, for which it was originally designed.

But the movement to Ada is by no means universal nor assured, even in the military sphere. Mr Russell says that Ada is not suitable for some *military applications* where performance in real-time is crucial.

"You often can not use Ada for the innards of a real-time system. For real-time fast response you have to go to an assembler or a specialist language for a particular function. Then you go back into Ada for the reporting of faults and the other management *aspects of the system*."

As a result, the older real time military languages such as Corso are still well used. But software houses are having little choice but to develop their skills in Ada because of the instructions of the clients. Military systems is one of the areas *where the clients of the software houses* are generally in agreement.

In other areas different clients demand different languages. Mr Tony Lennard, a director at Systems Designers (SD), reflects the views of other software houses when he says *that a large part of SD's work is* done in the language specified by the customer.

"If the choice were left to us then I think it would fall on Pascal or C for a general purpose approach," he says. "But the choice is ours only in a minority of cases."

Writing systems programs, the programs that others will use to control the internal working of the computer, is as much driven by fashion as the other areas. APL is still often used to define a system and run some simulations.

APL's characteristics of being able to handle tables and vectors in quick interactive solutions is its real strength. It has a following among some software *houses dedicated* to its use, such as Dyadic, and in the I P Sharp worlwide network where APL is the main development tool.

A programming language gaining in popularity for systems programming is Modula 2, a direct descendant from Pascal which has won many supporters among software developers. Modula 2 overcomes some of the technical problems of Pascal, such as Pascal's poor implementation of string handling and its weak Boolean logic operations.

Because of its computer science *background, Modula 2 is* available on the computer scientists' two favourite processors, Digital Equipment's PDP11 and Vax minicomputers. But it is available on little else given the relatively small number of potential users.

More likely, systems programs are *written in the assembler* language and from the functional routines in library facilities available for specific machines.

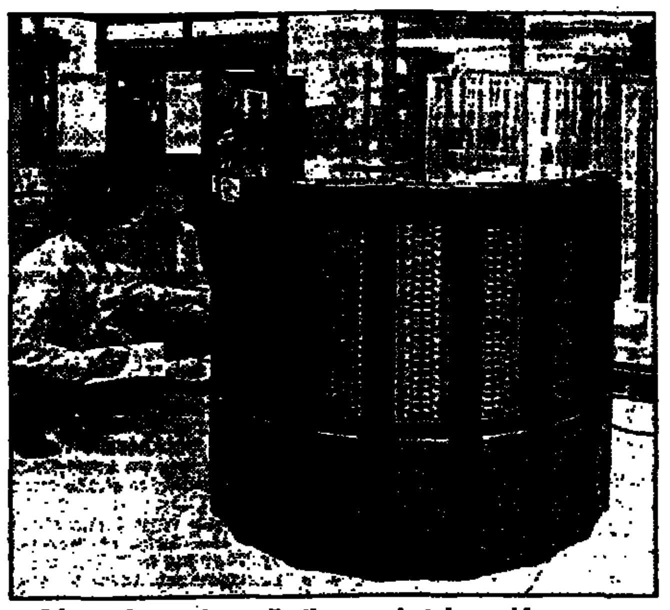
In artificial intelligence, the fourth major programming area, the choice is plain: Lisp or Prolog. Prolog has been chosen for Alvey AI developments *while Lisp is the favourite in* the US.

The popularity of Prolog has been extended down to personal computers by the success of Turbo Prolog from Borland International, the vendor of low-priced personal computing software. AI development teams *tend to stick to either Lisp or* Prolog, depending on their traditions. Lisp was given a boost in the UK recently when Digital Equipment brought the price of a Lisp system with which to evaluate potential AI applications from £40,000 to £15,000.

Some attempts have been *made to combine the strengths* of the two. Lisp, for example, is relatively efficient in the use of machine resources while Prolog's input/oputput facilities are stronger than Lisp's.

Attempts to combine their strengths into languages such as Poplog have not been particularly *successful* because of the technical differences in how they handle memory. For the foreseeable future, therefore, the developers of AI systems will have to make their choice.

Richard Sharpe



Advanced computer applications create a demand for developments in computer languages. *Above:* a Cray-2 supercomputer installed at the UK's Atomic Energy Authority at Harwell in Oxfordshire

New computer developments

Awaiting the impact of IBM's PS/2

LIKE MANY other parts of the computer *industry*, the computer services business is keeping a wary eye on the Personal System/2 (PS/2), the new line of personal computers announced by IBM last spring. While most companies feel that the PS/2 is bound to have an impact eventually, there is little to report as yet.

"The key phrase is wait and see," says Mr Mike Clark, senior consultant at Logica Consultancy in London. "We are aware of the potential impact but we are waiting until it's there."

One reason that these companies have had little chance to *assess the PS/2 is that few models* are widely available in the UK. IBM UK says that it has met its scheduled delivery dates for the models 30, 50 and 60, but adds that customer demand has created a "short-term supply-demand imbalance." It expected to remedy this with high volume *shipments in September*.

The most powerful model, the 80, is not scheduled to arrive until the fourth quarter. Until services companies can get their hands on enough of these machines to see what they can do, they are using existing and proven products in projects that require personal computers (PCs). "To an extent we're carrying on doing what we have been doing," says Mr Richard Dickson, senior consultant in Scicon, the UK services, systems and consultancy company. "Certainly the shortage of supply is a problem at the moment."

The PS/2's specification means that few companies can afford to ignore it. All but one of the announced models are based on something IBM calls Micro Channel Architecture (MCA). This is designed to make these products operate more quickly and efficiently than machines using standard PC architecture.

Although they are based on the same Intel family of microprocessors as competitive PCs, IBM claims greater operating speeds. That means that they should be able to handle more complex tasks more quickly and easily. They will not, for example, be confined to the memory barrier of 640 kilobytes that has been constricting users of large and powerful software programs.They are also capable of producing very high quality graphics.

The displays announced with the PS/2 offer higher resolution, larger character boxes, a wider palette of colours and a steadier image than the display offered with the PC line. That makes the PS/2 a suitable candidate for applications which require the presentation of large volumes of information such as *Computer Aided Design and* Manufacturing and desktop publishing.

In order to work to their full potential, the PS/2 requires a different operating system than MS-DOS, the software that provides IBM and compatible PCs with instructions about how to work. Such an operating system,

IBM claims its new machines will handle complex tasks more quickly

called Operating System/2 (OS/2), is on its way. But the most basic version is not due until January 1988 and until it arrives there is little incentive for services companies to incorporate the PS/2 into systems they design for clients. Without software worthy of its capabilities, the PS/2 is little more than a souped-up PC.

"OS/2 needs to be there," says Logica's Clark. Like the PS/2 hardware, OS/2 has an impressive specification. As well as allowing the use of applications software that needs more than 640 kilobytes of memory, OS/2 is supposed to allow multi-tasking. That means that users will be able to switch from using a spreadsheet to writing a report without tedious disk swapping, or exiting from one program in order to use another.

The extended edition of the operating system also provides a communications subsystem to allow devices to exchange information with a variety of other systems, and to link them in networks. A relational database manager is also planned, which uses IBM's Structured Query Language to allow users of PS/2 to perform data retrieval, update and control operations. All of that is potentially good news for the computer services business.

"The main benefit of the PS/2 is that it gives us another option on PC/based systems for designing solutions for our clients," says Mr Dickson of Scicon. Services companies expect the models that use MCA to provide *powerful workstations for* incorporation into systems. Of particular interest are the PS/2s networking facilities.

"Its improved communications facilities will be a significant factor in the way we design solutions for the clients," adds Mr Dickson. If the PS/2 is all it is supposed to be, it will provide a useful base for services companies. Because it is a high-priced product in PC terms it will more easily bear relatively high priced software. And its capabilities should allow companies to build complex, and consequently profitable, systems around it.

Another aspect of the PS/2 that is likely to benefit the services industry is the fact that it supports IBM's Systems Application Architecture (SAA). This is IBMS's attempt to reduce the confusion that it has caused by developing a number of product lines with different architectures and operating systems.

SAA is supposed to produce software commonality and portability across three of IBM's major product ranges: the PS/2, the System/36 and 38 minicomputer range and the larger System/370 line. Services companies stand to gain if they can easily adapt software written for one of these ranges to the others. It should give them more scope in system design, not to mention making the actual implementation simpler.

At the moment, the availability of both hardware and software means that it is too early for the PS/2 to have made much of an impact on the computer services industry. But that it will have implications for this business has been clear since April.

Companies like Scicon which do not concentrate on the pc area are awaiting developments. "PCs are not part of our strategic direction," Mr Dickson says, "but when it's something as big as PS/2 you have to be aware of it."

Margaret Coffey

Choosing the software

When to go bespoke

IN A handful of UK companies the users of new computer applications delivered by the data processing department cannot tell if the software running the application has been written by in-house programmers or if it is a package.

In terms of the reliability of the application, its time of development and its cost of development, it feels like a package. It is a reliable application, delivered on time and on budget. On the other hand, it has all the flexibility of a piece of software written as a bespoke application, tailored to the specific needs of the internal user.

These users are some of the first to experience the benefits of "bespoke packages", as they are called. Bespoke packages imply a mixture of the best of both worlds: the speed of development of the package and the flexibility of the in-house programming effort.

Bespoke packages also imply an end to the dichotomy between the packaged solution and the bespoke approach, a dichotomy that has split data processing departments ever since packages became a viable alternative for regular data processing applications, such as accounting, in the early 1970s.

But it will be a long time before there is an end to the split. In the meantime, the battle continues, with data processing management having to choose, from project to project, which is the best approach.

The degree to which users choose a packaged solution differs radically depending on the type of processor. In the mainframe and larger minicomputer sector the majority of effort is still directed to writing applications for in-house departments in one of the traditional programming languages such as Cobol or RPG III.

Cobol is still the primary programming language in two thirds of the UK's data processing departments. In the 7,000 or more data processing departments in the UK that employ at least five personnel, the expected expenditure, on average, this year for staff developing applications was £287,000. This was according to an annual survey of data processing managers in the UK conducted for the Price Waterhouse/Computing Opinion Survey.

This staff cost does not include the machine time and resources to develop and test the programs, nor the total office costs of employing these staff. This contrasts with the £62,000 the average data processing site was planning to spend this year on applications packages. A further £81,000 was earmarked for operating software to run the / computer systems effectively.

The balance is clearly in favour of the in-house development staff maintaining and developing bespoke systems in the traditional data processing department.

At the other end of the spectrum, for personal computer users, the picture is entirely different. This is reflected in the sales figures for software of all types in the personal computer market.

If personal computer users were writing their own applications, they would need language compilers to take the statements in the high-level language and turn them into machine codes. But the UK market-research company, Context, reports that languages were only 0.7per cent of the UK personal computer software market in units from January to May 1987 and 0.4 per cent by value.

To put it another way, for each language compiler sold, 150 personal computers were sold. Well ahead, at the top of the list, were general accounts packages with 25.8 per cent of the market by units and 24 per cent of the market by total value sold. These figures show that personal computer users are willing to take standard packages and turn their internal manual procedures round to fit the package.

Personal computer users, however, do not realise the amount of programming they do. For example, many accountants are quite at home writing complex spreadsheet applications which, they argue, are a direct boost to their own producitivity. They would not, however, be able to cost-justify their time and effort in building the application as against getting a professional programmer to do it.

Building a spreadsheet application is a form of programming, albeit at a higher level than coding the same application in Basic or Cobol. The style of programming which such personal computer users engage in is very much like the type of programming involved with bespoke packages. There are two essential elements: the close involvement of the ultimate user in the design, and the ability to prototype the application until it has the right feel for that user.

When it comes to large applications which are at the heart of a business, however, a spreadsheet is not be enough. It is becoming increasingly fashionable to distinguish between critical applications and historic accounting applications.

Ronald Mackintosh, partner at consultants Nolan, Notron and Company, reflects the emerging consensus when he says "users should prioritise their applications. Where the application is strategic, they should take the bespoke route. Where they are less strategic the user would waste time and effort if the application was custom built."

To use another term increasingly employed: if the application will lead to competitive advantage, then go bespoke. The advantages of bespoke are still there for the user who is willing to manage the complexity of bespoke program development.

First, the application is, by its nature, unique. It is not entirely reproducable for another company because it fits the unique features defined in the systems analysis activity.

Second, in general, bespoke programs run faster on any given hardware than a package.

Third, the code for besoke applications remains the property of the user company and does not remain the property of the software package vendor.

There are a group of applications, however, which are critical for the user yet still the user can not wait. In the financial field, Mackintosh says, especially in securities, data processing users are employing application generators which, although they may not get the exact fit between user need and high-performance system first time, they do cut into development time.

Once the hot spots of the application have been identified, then a bespoke programming team can go in and write special sections to perform the critical parts within the overall application.

This is a form of hot prototyping, where the first cut of the system is used right away for the benefits it can bring because of competitive pressure.

Software vendors of fourth-generation application generators are begining to argue, as a result of their experiences in the City and other places, that the split between bespoke and packaged software has been overcome.

Fourth generation development tools, they claim, fill the gap, giving the user an application with bespoke speed and flexibility at a package budget. John Chester, software director of RTZ Software, reflects this argument when he says that the debate between the packaged and the bespoke approach is an anachronism.

Mr Chester further says that application development tools can be used by the software house as well as the data processing department. Software houses can build kernel packages in which individual modules can be selected and amended.

Few users yet believe the optimistic messages put out by the vendors of these development packages. The data processing managers point to the fact that the software they write today has to interact smoothly with the software that was written yesterday and is already a proven weapon in the data processing armoury.

Second, they point to the relatively poor performance of generated code as opposed to hand-crafted code in-house. Thirdly, they query how the automation of the analysis process is to be linked to the automation of the process of code development and generation.

Vendors with the latest software-development technology tend to look askance at these concerns of data processing managers. They should, however, realise that these are the genuine issues which will determine the success or otherwise of application generators.

Perhaps, in the long term, processing power will be so cheap that the internal efficiency of the code to run on them will not matter. But in the short term there are always budgets to be met and resources to be allocated.

To this extent, the split between the packaged solution and the bespoke solution will be there for the data processing manager and user for the foreseeable future. The choice between the two approaches will have to be made application by application, according to some rule of thumb such as that proposed by Nolan, Norton and Company and other consultants.

Richard Sharpe

Case study: P&O's way ahead in facilities management

Streamlining the system

WHEN the business climate is mild, companies tend to look for growth and to allow for an expansion in their overheads. In the last two decades, larger companies bought mainframe-computers with plenty of excess capacity in order to avoid growing out of them too quickly. Some decided to recoup the cost of that excess capacity by selling computer time to outside companies. After all, the computer was a sunk cost, and any income against it was better than none at all.

The problem is that good DP managers are not necessarily good businessmen. Instead of gradually scaling down their outside business interests, some sought to expand them as any additional costs involved appeared to be only marginal. Companies were looking for growth and diversification, and seemed to have no qualms about subsidising the overheads for their computer departments' commercial ventures. They even encouraged them to set up separate computer bureau subsidiaries.

Costing such operations on the margin gave companies the short-term illusion of being able to offer competitively-priced services. It was only a matter of time before the parent companies realised that they were adding other companies' problems to their own operations.

As the business climate became harsher, they began to get tougher about DP budgets, insisting that any subsidiary must stand on its own feet and pay its way. In some cases, the computing services subsidiary might have been doing very well by all objective financial measures, but the parent may have decided to stick to its knitting and revert to "core businesses."

British Oxygen's (BOC) Datasolve subsidiary, for example, was sold off to Thorn-EMI to help it become the UK's largest information technology company, with Mr Colin Southgate, Datasolve chairman, now in the driving seat at Thorn-EMI.

In 1984, P&O also decided to rationalise its operations to core businesses and to dispose of its computing services subsidiary to its management for around £500,000, although by then P&O Computer Services was already operating on a sound commercial footing.

"Internal data processing is every company's favourite whipping boy," says Mr Trevor Clarke of PCL Computer Services, formerly P&O Computer Services. "They can never get it right and management is always holding back the purse strings, while users always demand a Rolls-Royce service.

"P&O always needed new ships, ferries, containers, transporters and so on, and DP had to fight for funds like all other subsidiaries. As an independent business, we had to find other forms of finance if we could not get the funds internally."

By taking P&O Computing Services into the marketplace back in 1978, the parent company could measure objectively whether it was providing an effective service. It also exposed those parts of the DP organisation which were not performing. By 1984, it was an autonomous operation ready to strike out on its own.

"We were very fortunate in getting the help of Barclays Bank. They put us in touch with a management buy-out guru, David Haggart, who helped us to put up a bid to P&O management. It was not a classical buy-out situation because ours was a profitable company," says Mr Clarke.

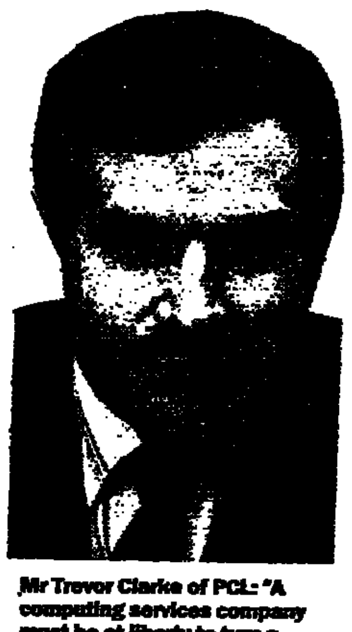
"On a 1983 turnover of over £4m, 85 per cent came from non-P&O clients. P&O itself was not entitled to preferential charging - it had to pay the same as everybody else.

"But to make such an arrangement really work, the user has to have the option of going elsewhere like any other normal customer, otherwise the internal DP organisation gets flabby."

By the same token, Mr Clarke believes that a computing services company must also be at liberty to turn a customer away if it feels that certain services or software are better provided from outside. "In the early days, we lost some P&O business, and we also let go of some, but that made us more hungry for business elsewhere."

With sound management and control mechanisms already in place, PCL Computer Services has enjoyed continued growth and profits for the past three years. It now employs over 150 staff, and turnover to the end of September 1987 has grown by 40 per cent to £6m and is expected to reach £7.5m next year.

However, some companies depend on computing services for their very survival and are understandably reluctant to cut adrift such a critical resource. For them, a middle option exists in the form of facilities management.



Mr Trevor Clarke of PCL: "A computing services company must be at liberty to turn a customer away."

Facilities management is not the same as conventional computer bureau services, where the bureau owns the equipment and the customer pays for its use on a time and resources basis.

The classical facilities management contract entails the company buying and installing equipment at its own site and then hiring a facilities management company to come in and manage it. Nowadays, companies also instal their equipment at the facilities management company's site.

The facilities management company looks after the day-to-day running of the customer's data processing facility, provides experienced operations and technical staff, instals and supports software, and liaises with suppliers on engineering and technical support. The client company can share expensive resources such as high-speed laser page printers and front-end telecommunications processors.

Where it looks as though there is a risk of contention between customers competing for resources, as can often happen on a conventional bureau service, a company can own those resources which it needs for its exclusive use.

Companies like Unilever, Avis, the Post Office and Bejam are now using facilities management services. They form part of a growing trend. The marketplace was worth £8.2m in 1984/5 and, according to IDC, will grow to £14.9m in 1989.

The time to switch to facilities management, according to Mr Clarke, is when the computer becomes central to a company's business so that if it goes down, other back-up machines are available.

In July, the 600 Group handed over the running of its computer services to PCL Computer Services in a facilities management deal worth £2m, transferring its 6-Com computing services subsidiary in the process, including its Leeds premises which will be kept in reserve for PCL's planned regional expansion. The difficulties of attracting the right sort of people, of cost escalation, and of getting the right sort of performance level from its systems were all getting in the way of its mainstream business.

Applications for the 600 Group running on 6-Com's IBM 4381 mainframe were transferred to PCL's own computer facilities in Rickmansworth. PCL identified a number of key individuals within 6-Com who could be absorbed into PCL.

"6-Com had a captive audience and no reason to be efficient, so it just charged all its costs to the company. More companies are deciding not to let their DP departments become the tail wagging the dog."

Boris Sedacca

FT Survey: Computers in Business

THE GROWING application of computers for competitive advantage in the business world will be featured in another FT survey, entitled Computers in Business, to be published on Monday, November 2, 1987.

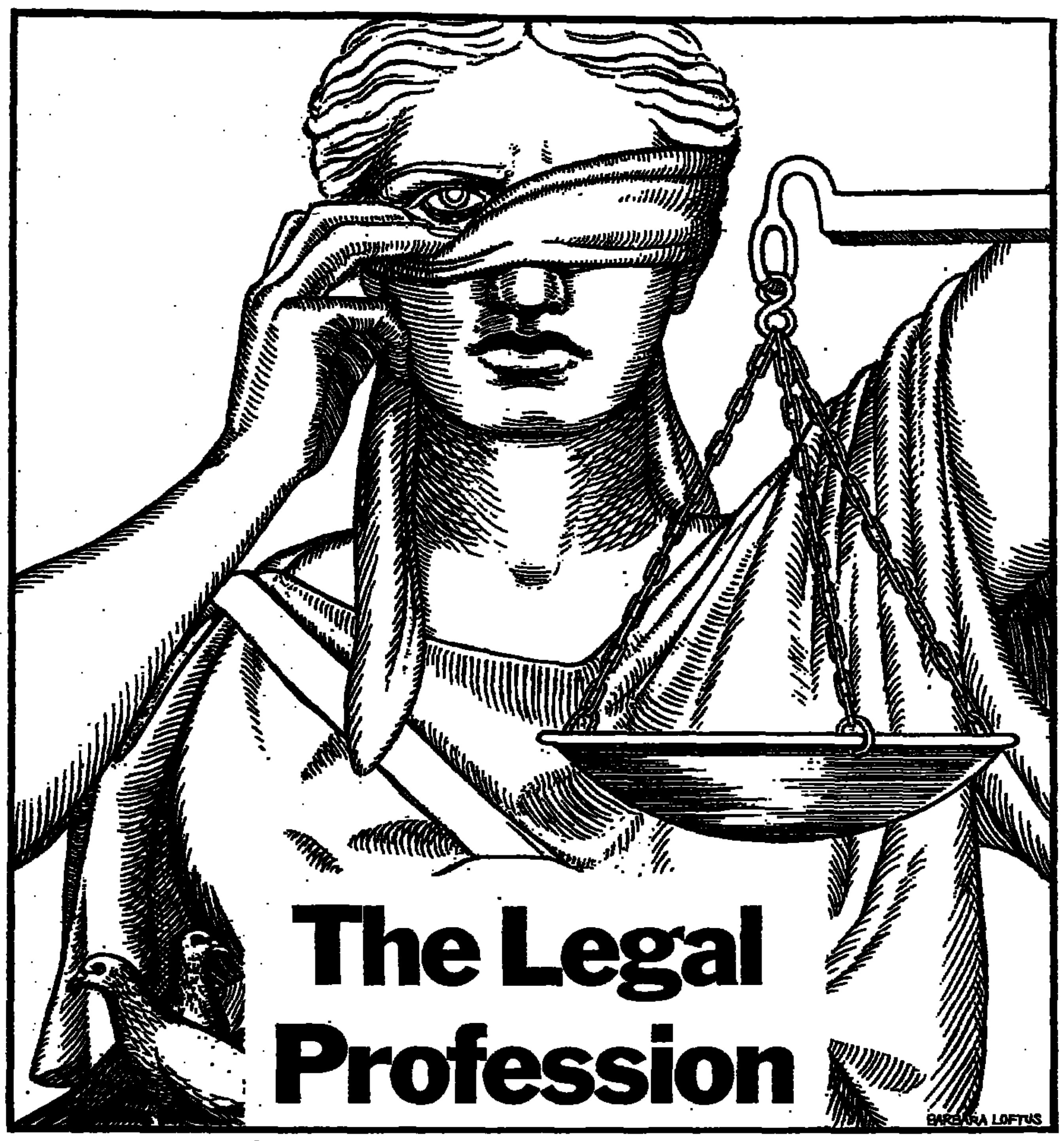
Among the computer applications to be examined will be automation in financial services, personnel administration, retailing and distribution and computer integrated manufacturing.

SECTION IV

FINANCIAL TIMES SURVEY

Lawyers, particularly solicitors, have ceased to give the impression of resisting change, observes Raymond Hughes. A flurry of new ideas has come out of the Law Society's headquarters, and there are further signs of the new realism in the agenda for its conference in Vienna.

Paddling with the tide



ALL THINGS, wrote the Roman poet Lucretius, flow, and the legal world is not immune from this natural law. But, whereas in the not so distant past it might have appeared that lawyers were intent on resisting pressures upon them to change with the times, in recent months there have been increasing signs that solicitors at least are beginning to recognise that the time has come to go along with the current.

Not the least significant of these signs has been the radical restructuring of the administration of the Law Society at its Chancery Lane headquarters, carried out, according to John Hays, *the Society's new broom* secretary-general, in response to a long-recognised need for urgent management reform.

The significance lies not in the mere mechanics of the restructuring, the creation of a clutch of new posts of assistant secretaries general and directors, *and the rationalisation of* the society's departmental organisation, but in what it says about a change of attitude and approach by the profession.

The Law Society has acknowledged that the world in which its members operate is changing rapidly and that, if they are *to maintain their position,* solicitors must adapt, and be seen to adapt, to it.

That means modernising the structure of the profession, improving the image of solicitors and changing the rules to enable them to project themselves and meet increased competition.

During the summer, a flurry of proposals came out of Chancery Lane that *suggested* a greater awareness of what was needed.

One was for a self-financing legal services fund, to be underwritten by a major insurance company, to help those middle-income earners who are too well off to qualify for legal aid *but not rich enough to afford to* pay for litigation out of their own pockets and are thus effectively barred from seeking legal remedies when they suffer wrongs. While there is some doubt about how viable such a scheme would be, the important thing is that the profession re*cognised the problem* and sought to address it.

Then there was the Accident Legal Advice Service (ALAS), offering a free initial interview with a solicitor who will advise on the chances of a compensation claim succeeding, the likely cost and whether the injured person qualifies for legal aid.

Other innovations included the distribution of leaflets in several Asian languages, explaining how to get legal advice; and a scheme - the personal assets log - designed to reduce problems caused by lost wills.

During the month-long Ideal Home Exhibition at Olympia, more than 300 solicitors took it in turns to man the Law Society's stand and bring the law to the people, offering advice on all manner of legal problems. These and other ideas have maintained a realistic, and entirely *proper, balance between* altruism and self-interest: making more people more aware of their legal rights, and how to go about getting them, means more business for the solicitors who will be consulted.

The Law Society, moreover, has come out in support of the Lord Chancellor's plans for radical changes in the civil courts system to improve its efficiency - unlike the Bar and the Lord Chief Justice, whose responses to the plans were less than enthusiastic.

Further indications of the *profession's new realism* can be seen in the agenda for the Law Society's national conference in Vienna this week - only the second time the solicitors have ventured out of the UK for their annual get-together.

One proposition under discus*sion - that* "with the creation of a business plan, public relations and marketing within the Rules can serve to increase practice efficiency and competitiveness" - contains at least half a dozen words which, only a few years ago, would hardly have featured in most solicitors' vocabulary.

Other sessions are entitled:

- "The Challenges Ahead: multi-disciplinary partnerships and allied topics";
- "How others see us: comments, criticisms and hints on how to improve both our image and our service";
- *"Recovery of lost ground:* capture of new territory"; and
- "The East opens up: are Western lawyers ready ?"

Truly, it would appear, solicitors have not only turned to flow with the tide but are paddling furiously.

The debate on mixed partner*ships is likely to prove one of* the best-attended and liveliest debates of the conference. It is a subject that has riven the profession, and it will be interesting to see how much views have changed since the last conference when opinions were almost equally divided for and against the idea of linking up with other professionals like accountants and estate agents.

Since then the Young Solicitors Group of the Law Society has come out strongly in favour of a change in the rules to allow such partnerships - a development that did not earn the group the unqualified approval of their older colleagues.

The Bar, on the other hand, came out firmly against partnerships - either between barristers or with other professionals - on the ground that they would be against the public interest and contrary to the proper administration of justice.

Also, said the Bar Council, *they would reduce the choice of* barristers available to the public, because partners would not be able to appear against each other; and they would restrict clients' ability to secure the barrister of their choice, because partnerships would be likely to retain and distribute work among themselves to suit their own needs.

It is not just links with other professions that are in the air. This year has seen the first mega-merger between solicitors, with two prominent City firms, Clifford-Turner and Coward Chance, deciding that big is beneficial. With 168 partners, Clifford Chance, is now far and away the largest firm in the UK.

Its creation was said to have been in response to the needs of the international financial and business community and was seen by some as an indication of the extent to which the demand for legal services in the City had changed following the Big Bang. First reactions from within the profession suggested that other City firms were unlikely to rush into similar alliances.

At the end of last month, however, Lovell, White & King and Durrant Piesse announced that they were to merge as from next May under the style Lovell White Durrant, with over 100 partners.

Berwyn Leighton, another City firm, took advantage of the Law Society's liberalised rules to enter into a formal association with Finley Kumble, a US law firm - a link-up that suggested that the creation of an international law business might be an alternative to mega-merger for firms looking for a hedge against a more harshly competitive future.

Four smaller firms have also seen merit in merger. Withers has joined forces with Crossman Block & Keith (a total of 34 partners) *and Charles Russell &* Co with Williams & James (31 partners).

Other signs of the times are the increasing number of solicitors making use of the services of PR firms -"image-making" also has entered the solicitors' lexicon - and the way in which *more and more firms are taking* advantage on the relaxed rules on advertising.

It is not only solicitors who have been infected with the new realism. They themselves, it seems, have been discovered as a market worth tapping.

It has been said (by a publisher) that the only two lucrative forms of publishing are in the fields of pornography and law. The first is outside the scope of this survey; as to the second, this year has seen evidence that some publishers at least are prepared to gamble on the accuracy of the proposition. Two new legal journals - Law Magazine and The Lawyer - have appeared in recent months; while The Independent, The Daily Telegraph and The Guardian have followed *The Times* and the Financial Times in publishing law reports.

The new journals, which are very different in style, have almost doubled the choice open to lawyers, whose professional interests have hitherto been catered for only by the Law Society's *Gazette, the Solicitors* Journal and the New Law Journal. Law Magazine is breaking new ground by aiming for a readership among laymen as well as lawyers.

The newspapers' sudden interest in law reports suggests thatthey have decided that there are advantages to be gained from seeking to be regarded as "the newspaper for lawyers" - a role that not so long ago everyone was content should be the exclusive prerogative of The Times. Another factor may be a recognition that the law is not just a rather boring adjunct of *little* concern to anyone but lawyers, but something that increasingly impinges on the private and professional lives of their readers.

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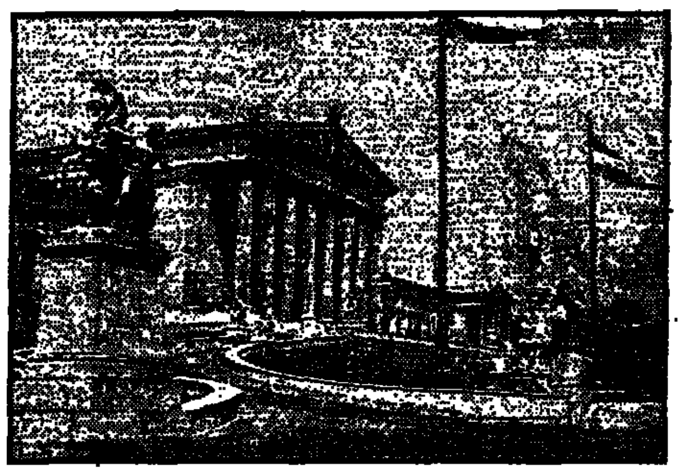
Austrian lawyers are looking outwards: **Judy Dempsey** reports

EC opportunities appeal

LAWYERS WHO visit Vienna may be surprised by the Oesterreichischer Rechtsanwaltskammertag, the Austrian equivalent of the Law Society.

The building, located in the heart of the city, a short walk from St Stephen's Cathedral, has none of the elegance or majesty of many of the capital's public and private institutions. Although the Kammer was founded back in 1849, it was bombed during the second world war; and the portraits of former presidents that hang in the committee rooms, the library and along the corridors, are all the only reminders of the old days.



Parliament building, in Vienna

Behind the modest facade of post-war architecture, the Rechtskammer plays an important role in Austrian social life. Like most professional Kammers, or chambers, in Austria, of which membership is obligatory, the Rechtskammer caters for the needs of the country's 2,400 lawyers, of whom over 1,000 come from Vienna.

Apart from its important function of considering pending legislation or any amendments to the law, which the Government passes to the Rechtskammer for an opinion, the Rechtskammer (of which there is one in each of the nine provinces or Laender) provides lawyers with a social milieu as well as a pension scheme.

Judges, appointed by the Republic, prosecutors, and notaries who tend to do conveyancing work, are, however, excluded. Unlike the UK, there is no division between solicitor or barrister. A lawyer must defend as well as provide day-to-day advice for his client, though the majority concentrate on litigation. "I suppose we are a bit like a general practitioner in the doctor's profession," commented one lawyer

This partly explains why there are so few lawyers in Austria. It takes a long time before anyone can set up a practice. The normal university course lasts four years, and then each aspiring lawyer must spend seven years as an articled clerk in a registered lawyer's office. Only then, after more exams, can he become a full member of the Rechtskammer. Membership is a prerequisite for setting up a practice.

Setting up the practice is another matter. Austrian lawyers, like many in Europe, are not allowed to advertise. They cannot, for instance, stipulate what special services they provide, though they can notify the Rechtskammer of their area of special interest.

In this context, the Rechtskammer, which is independent of the state, acts as a kind of self-regulating institution. Any Austrian seeking legal advice can attend the Kammer, which provides a free legal aid service each week. If an individual has a particular problem, the Rechtskammer issues a list of lawyers who are specialists in that field. The snag is that the client has no idea how good any of them are. But like most things in Austria, word of mouth and connections are more important than even the slightest suggestion of open competition for clients.

The self-regulating mechanism is especially evident when foreigners try to set up a practice in Austria. They are not banned from opening an office in Vienna - "they are simply discouraged," as one Vienna-based lawyer explained. "The Rechtskammer asks if I am an Austrian citizen, if I studied in Austria, if I served my seven years. And if not, well then we are flatly advised to forget the whole idea of opening an office here."

There is, however, pressure to change. Part of the pressure comes from a few Austrian lawyers who have studied abroad and are aware of the need to keep up with developments taking place in the European Community. Pressure also comes, not from Austrian public opinion, which is remarkably passive, but from changing economic and foreign policies. The socialist-led coalition government is seeking closer co-operation with the EC, which some Austrian lawyers believe will eventually provide a catalyst for changing the legal environment in Austria.

"If we want to become more integrated within the European Community, we must become more flexible," says Dr Viktor Straberger, a staunch advocate of a more open Austrian legal profession. He, along with Dr Walter Schuppich, the president of the Rechtskammer, and others, is quietly trying to introduce change.

For them, change would be mutually beneficial to Austria and the EC. "We have a well trained legal profession. There's no doubt about that. We have expertise to offer to our European counterparts," says Dr Straberger.

But as Austrian companies and banks deal more with international company law and the Eurobond market, Dr Straberger, and other Austrian colleagues, feels increasingly that the profession is not responding to the changing legal needs of these companies, nor providing a thorough service.

"Several banks and companies in Austria now seek legal advice from other foreign firms. Yet those firms are simply not encouraged to set up their business here," a lawyer explained.

Some lawyers in Vienna have no hesitation in describing the present system "as anti-competition and anti-liberal". They admit that, of all professions, theirs moves and changes at the slowest pace. But Dr Straberger is optimistic. "All I am saying is that we have got to be prepared if we want closer co-operation with the European Community. It will mean breaking down some barriers, especially in the legal profession. That will take time, but we should not ignore these developments."

Eurolaw is a long way off, says **Celia Hampton**

Barriers in way of integration

IN PRINCIPLE, the Treaty of Rome gave lawyers freedom to practise in any member state of the European Community. They can set up in practice, or offer their professional services on an occasional basis. However, in the context of law, the meaning of practice and services, robs the broad freedom of much of its impact.

No treaty-based freedom can convert an English lawyer into a French lawyer, since what makes the English lawyer is his or her knowledge of the mass of English legal rules, which are quite different from the French rules.

Although the quality may be comparable, the contents of two national law qualifications have no sensible equivalance, except perhaps between countries starting from a similar base (the UK and Ireland; France and Luxembourg).

Current EC proposals suggest that national authorities should admit a foreign lawyer after a period of "supervised practise" and possibly some professional training. Collective agreement on what should be allowed will, at best, take years and will probably improve little on the present need to requalify fully. Made too easy, swift re-qualification processes could reduce standards. At worst, a relaxation of professional restrictions on foreign practitioners in the most insular countries could increase the scope for restraint in those EC countries that show tolerance at present.

France has recently introduced a simple examination for members of other EC bars of at least eight years' standing. On passing, they may be admitted as avocats to a French bar.

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The EC directive of 1977 (No 77/249) defined a right to practise as a visiting lawyer in other member states. Each country has to recognise specific sorts of lawyers (avocat, solicitor, Rechtsanwalt etc). The directive makes no mention of the nationality of the visitors' services themselves - which legal system the services offered by the lawyer are derived from.

To say that the foreign lawyer must be free to practise in the law of the host state would go further than is necessary or expedient, or even desired, by many visiting lawyers. Extended to the right to set up in practice permanently (a separate class of treaty freedom), it could be anarchic.

While there are many lawyers who, often for private reasons, have taken the time and energy to qualify into two or more EC legal systems, most lawyers have moved across a national frontier to practise the law of their home state in another country. Their practice is, of course, filled out by EC law itself (which all EC lawyers may practice) and the international aspects of legal business which made them look abroad in the first place.

The true aim of the Treaty of Rome is surely this freedom. It does not promise to make an English lawyer into a German lawyer, although, in the long term, it could facilitate the conversion.

What practioners might welcome more than ease of dual qualification is greater freedom to collaborate with local lawyers, keeping their own capacity as "foreign" EC lawyers. This is being pursued by the CCBE, the European of Association of Legal Professions.

Restrictions would have to be closely analysed. Resistance by the local profession often arises from the suspicion that a foreign lawyer will circumvent its own rigorous code of ethics and take its work away by a back door. The search for compromise could take a long time, but it seems a more practicable approach than any search for mobility based on dual or multipule qualification.

At an official level, France, like the UK and the Netherlands, has a positive attitude to EC lawyers. There is nothing in the law to stop anyone at all giving legal advice, but they must not hold themselves out to be qualified. If a troubled layman takes advice from the baker or the cab-driver or from an Italian or Japanese lawyer, he is deemed to understand the situation, and treat the advice with appropriate caution.

Certain areas are fenced off for local lawyers in all EC countries, including these "open" ones. Representation in the higher courts and documentary formalities connected with property transfers are the obvious monopolies.

For many "Euro-lawyers", however, these activities are not crucial. Legal advice is a great deal more important. A local profession has sometimes gained new areas of practice, through Euro-lawyers, which have not traditionally been handled by lawyers in the host country.

Linklaters & Paines, one of London's leading law firms, presents an interesting case study in Anglo-French legal practice. Linklaters opened a one-man office in Paris in 1972. It recognised Paris as a major financial centre with great potential for international expansion. Three French banks rank among the 10 largest banks in the world, and in the last few decades France has seen huge investment, with correspondingly huge borrowing.

The law governing international financial transactions is very often English, being the law considered the best adapted and most generally acceptable in this domain. As well as practising as European financial lawyers, Linklaters seek to act as an Anglo Saxon interpreter for French clients, and as a French interpretor for London and other clients, expressing legal concepts in terms the client will recognise.

Linklaters' Paris office has five partners, two of whom are French lawyers. More than half the legal staff are French lawyers. London members of the firm tend to go for a period of between two and five years, though one partner stayed for 12.

Another big London firm, Freshfields, now has 22 lawyers in its Paris office, opened in 1973 and other leading solicitors represented in the French city include Clifford Chance, Herbert Smith, Holman Fenwick, Slaughter & May and Theodore Goddard

The Euro-lawyer's natural habitat - Brussels - is host to many more English law firms and a fair number of English barrister.

The Belmont European consultancy, which recently formed a joint venture with Coopers and Lybrand, the accountants, encompasses UK lawyers who specialise in EC law.

On a wider front, Stoneham Langton and Passmore, a London law firm, has set up a "Club" of 16 law firms in EC and non-EC capitals that can act locally and immediately on behalf of each other's clients.

The Netherlands is perhaps the most welcoming of all the EC open countries. It allows an advocate to enter partnership with foreign lawyers who are then subject to local professional rules that do not have to requalify.

Except in Brussels, English barristers find more practicable difficulty in becoming Euro-lawyers, since they are by definition sole practioners. A few have qualified as French avocats. Conversion to avocat is, in theory, open to English solicitors also; but the French ethic code would often be incompatable with a solicitor's practice - for instance, in involvement in the general management of a client's affairs. English barristers qualify - their code is even stricter than the French one.

A.H.Hermann on National Laws v International Business

Commerce in search of clarity

INTERNATIONAL TRADE almost always leads to some application of national laws outside of national territories. As long as only the private interests of the parties to the contract are involved, this seldom leads to difficulties.

Indeed, English commercial law is an export product. A Hamburg importer who buys coffee in Brazil according to a "London contract" expects any disputes arising from that contract to be subject to English commercial law and arbitrated or adjudicated, if necessary, in London.

Where there is no agreement about the applicable law and jurisdiction, the courts will, as a rule, apply the law of the country which has the closest connections with the contract, or where its specific performance should take place. The "conflict of laws" or private international law has been developed into an important legal discipline.

It is, however, a quite different matter if conflicting public policies and governmental interest lead to the extra-territorial application of national law. This can bring before the courts of one country traders whose actions were in complete agreement with the law of another country where they took place; or even expose them to requirements and orders which are in conflict with the law of their own country. If they have business interests, assets or subsidiaries in the country engaged in extra-territorial application of its laws, such laws may be enforced against them, or they may be punished for not observing them.

The best known international conflicts of this sort involve the United States, and concern the application of their anti-trust, product liability, trading with the enemy, and anti-boycott laws. Also the extra-territorial application of US federal rules for the obtaining of evidence in civil and commercial matters by US courts causes great difficulties.

However, the extra-territorial application of national laws interfering with international business is not solely a US problem. State trading countries make important inroads into the market economies by exploiting the monopolistic nature of their foreign trading institutions for the purpose of dumping and other distortions of competition.

Both state trading and developing countries reach sometimes for special legislative measures to withdraw from contracts concluded by their agencies, or by the enterprises controlled by them, when the market has turned against them; and all governments tend to hide behind sovereign immunity when they are called upon to pay debts incurred on the international market.

The blocking statutes adopted by many countries of Europe, as well as Canada and Australia, to protect their citizens and companies against excessive foreign demands for information or punitive damages did not prove quite effective. In many cases the protracted litigation itself represents a trial by ordeal, sapping financial and managerial resources of the victims. In this connection it is enough to mention the Westinghouse Uranium litigation, and the Laker litigation against the British and other lines in US courts.

The best known international conflicts of this sort involve the United States, and concern the application of their anti-trust, product liability, trading with the enemy, and anti-boycott laws.

The most interesting development in the field of extra-territorial discovery of documents is the US Supreme Court decision in Aerospatiale. The issue was whether the US court can obtain evidence situated abroad by direct pressure and sanctions which might require the litigants to violate the law of their own country, or whether they are bound to use the procedure prescribed by the Hague Convention for obtaining evidence abroad.

Ignoring the more restrained policy of the US Government, the majority of the Supreme Court gave priority to the direct application of federal rules for obtaining evidence. It admonished courts to pay some attention to conflicting national interests and to weigh domestic and foreign interests before deciding whether the obtaining of evidence abroad should be ordered and forced according to US domestic rules, but it provided no useful guidance as to how such weighing of conflicting interests should be conducted.

This decision was reached by a majority of five to four, and the four dissenting justices were for a preferential use of the Hague Convention. The conflict which the majority wanted the law courts to resolve according to Comity principles were, said the minority opinion, already eliminated by the agreements expressed in the Hague Convention. "It now falls to the law courts to recognise the needs of the international commercial system and the accommodation of those needs already endorsed by the political branches and embodied in the Convention," stated the minority opinion. Unfortunately, as the lower courts are familiar with the federal rules and unfamiliar with the Hague Convention, they will always reach for the first and gladly avoid the second.

The division of the US Supreme Court on long arm laws was apparent already in the February decision in Asahi. It split four to four, with one abstention, on the question of the applicability of US product liability laws to a foreign manufacturer of components which reach the US market as an integral part of the product made in a third country. Four justices held the opinion that the foreign manufacturer was liable for the consequences if he knew that the products containing these components would eventually reach the US market. The other four would hold him liable only if he took a positive action to bring the products into the US market.

Another recurrent problem is the freezing of assets in the foreign branches of American banks by an order of US Executive or courts. Such a presidential blocking order was applied recently to some $131,000,000 held by the London branch of Bankers Trust on the account of the Libyan Arab foreign bank. A High Court judge, Mr Justice Evans, summarily ordered the bank to pay out the money according to the Libyan Bank's order, in spite of the presidential order. The Court of Appeal said that the matter was much too complicated to be dealt with summarily.

It held that the American Bank could rely on the presidential orders only if the London deposit account was governed by American law, or if compliance with the Libyan Bank's instructions required some action in the United States prohibited by the presidential order. The dispute called for clarification of the concept of Euro-dollars and the rules applying to them.

A full trial took place before Mr Justice Staughton, who held on September 2 that the Libyan account with Bankers Trust London branch was governed by English law. As the New York clearing could not be used without infringing US law, the London branch was obliged to pay to the Libyans cash in dollar or sterling notes, and not only the $131m deposited in London but also $161m which should have been, but were not, transferred to London from their New York current account.

The biggest scandal of recent date, however, is the stand adopted by the 22 member states forming the International Tin Council. The operations of the council, designed to keep the price of tin artificially high, came to an end when the council ran out of money and suspended payments, leaving London banks and metal brokers and dealers with debts, amounting to at least £600m.

A string of litigations, which still goes on, has so far brought little joy to these creditors. The Tin Council has no money and English judges so far have taken the view that the member states are not liable for its debts. They may have a liability towards the council, but this is unlikely to sue them because it is their creature.

The courts also refused to appoint a receiver, who would probably sue the member states. Such an extra-territorial status of an international trading organisation dealing on a UK market is bound to have a boomerang effect unless the law is clarified and changed to provide protection to private traders and banks.

Without it, international organisations are likely to find it very difficult to find business partners in the future. In the meantime, the desperate creditors clutch straws - they even put some good money on the proposition that English courts wind up the ITC, which is an international organisation. However, even such absurd ventures are profitable to the legal profession. No fewer than 24 lawyers, including 12 Queen's Counsels, appeared in court to argue it.

Women lawyers

A sharp rise in entries

WOMEN SOLICITORS are enjoying improved access to the profession. In the early 1950s they accounted for less than one thirtieth of solicitors on the Law Society's Roll. By 1976 this had grown to one twelfth. In 1986, one in five enrolled solicitors was a woman.

Since this figure includes an accumulation of men from the years when entry to the profession was overwhelmingly male, it masks the much more dramatic movement since 1980. In that year two out of five new enrolments were women. In 1984 the figure was nearly two out of three. In 1986 it was two out of 2.4 - or 44 per cent.

Of lawyers graduating in 1986 who are known to have entered the solicitors' profession, 825 were women and 792 were men. Several City practices have confirmed that they are recruiting about half women, and that these are certainly not destined for the traditional roles of domestic conveyancer and family lawyer.

A random sample of London firms confirms the trend. In Simmons & Simmons, for instance, 18 of the 38 articled clerks being signed on at present are women. Women account for 15 of 65 articled clerks already employed, and 36 of 161 legal staff. Norton Rose Botterell & Roche has 22 women among 49 articled clerks and 48 of 135 assistant solicitors. Just over 50 per cent of articled clerks at Gouldens are women.

Once launched into a career, success has been more elusive. Only 19 per cent of female solicitors are partners, as opposed to 52 per cent of male solicitors. Of assistant solicitors, 52 per cent are women and only 20 per cent are men.

The overall picture is reflected in individual firms' statistics. Simmons & Simmons has six women partners out of 75; Titmuss Sainer & Webb has four out of 32; and Gouldens four out of 20. Norton Rose has five women partners out of 69, all in their thirties and specialising in corporate and financial law, tax and intellectual property. All are married and three have children.

One of the important attractions of legal practice for wom-

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Graham Whybrow on commercial practices

Working with figures

THE APPROACH of commercial practices to business transactions has undergone a transformation over the past 20 years. Probably in no other area of the profession has the break with the past been so complete.

Many of the leading commercial practices in London, Birmingham, Leeds and Manchester have let slip their obsession with private client and property work, and have faced up to the real demand for business law advice that is practical, fast and innovative.

This transformation in advice on commercial transactions can be seen clearly in all the leading City practices, where lawyers advise continuously on corporate finance, new debt and equity issues, mergers and acquisitions, and corporate restructuring.

There are many examples of firms who display this new approach, and have built their reputations on it. Travers Smith Braithwaite, for instance, is a 21-partner London firm widely admired for its corporate finance expertise, from venture capital deals and USM flotations to contested takeover work. The partners are young and energetic, and much more conscious than their forbears in offering not only a good service, but the appropriate presentation for business transactions.

Other examples of firms with a strong commitment to corporate work are Ashurst Morris Crisp, and the former Clifford-Turner. These two firms are probably strongest in the City for handling management buy-outs.

Some elements in the new approach to handling business transactions are clear enough. They relate to things like working more closely with business clients, paying more attention to commercial realities rather than legal niceties, overcoming the traditional lawyer's aversion to figures and company accounts, displaying a greater willingness to express a strong view on a problem, and being more determined to find a solution.

You can see this approach in a the way the partners go about their recruitment. Legal ability, though vital, is not enough without social skills and negotiating flair. In the words of one partner: "You can't have boffins who blink in the sunlight, you've got to feel happy about leaving them at Warburgs."

That they should be attuned to the merchant banks is no accident either. The takeover business, for example, has drawn in most commercial practices in London, at least on agreed bids. With hostile bids, the work is increasingly concentrated among the top firms, Slaughter and May, Linklaters & Paines, Freshfields, Norton Rose, and Clifford Chance. Most of these bids, certainly for public companies, are prepared by merchant banks, whose corporate financiers know the small number of lawyers with right expertise.

Takeover business is an area where lawyers find themselves part of a team, working alongside accountants and merchant bankers. Every bidder and target will have a law firm to represent them, and particularly when there is a cash alternative, so will the merchant bank. The role of the lawyers will be to help prepare the documentation, to verify it against listing rules; they will advise on structures from a corporation tax viewpoint, handle a defamation action if one emerges during a bid, and also offer guidance in disputes about confidentiality and conflicts of interest.

Increasingly, commercial practices are also advising on the City Code on Takeovers and Mergers which, although it is expressly stated not to be interpreted in accordance with the law, nonetheless draws in lawyers as specialists in rule-handling and interpretation.

The role of lawyers has also been more central since recent cases opened the way to judicial review of decisions by both the Takeover Panel, and the Monopolies and Mergers Commission. Lawyers have also been more active since the discovery of the share-support operation used to help Guinness in its £2.5bn takeover of Distillers last year. Bankers were alerted to the Companies Act prohibitions on companies giving financial assistance to buy their own shares, and now rely more on lawyers to help them through the regulatory hurdles, advising, for example, where acceptable market stabilisation ends and prohibited share-price manipulation begins.

Moreover, last year's Financial Services Act, which created a new regulatory regime for investor protection and the conduct of investment business, is also likely to reinforce the Takeover Panel decisions and the City Code with legal sanctions.

For leading commercial practices, international business is still booming. A vast amount is still done through London, governed by English law, even where the parties involved are both foreign and resident in another jurisdiction. Commercial practices have continued to thrive in areas such as shipping, mostly now through the Far East, aviation, international trade, insurance, and reinsurance. Commercial lawyers are brought in both for the financing of deals, and also for any subsequent litigation or arbitration.

In the City, last year's Big Bang marked not only the deregulation of the Stock Exchange but also the consolidation of London as an international financial centre. This yielded even more genuinely international business to the commercial practices.

A large amount of this business has been handled by the top City firms, particularly that of the international capital markets, so much so that firms such as Linklaters & Paines and Slaughter and May are now regarded as among the finest commercial law firms in the western world. This stems from their creation of legal structures for innovative banking "products" - interest rate and currency swaps, Euronotes, and so on - which have become the sophisticated financing techniques used by all sovereign and high quality corporate borrowers in the Euromarkets.

This growth in international work can be measured not only by the range of business, but in the law firms themselves. Many of London's top 50 firms have overseas offices, and even those without them may do considerable business. Some firms have even opened up in Tokyo.

One index of how international business has developed can be seen in the newly merged firm of Clifford Chance, formed in March this year. Few London lawyers in 1967 could have foreseen a firm on this scale, with more than 160 partners and 360 assistant solicitors, running a network of international offices from Amsterdam and Paris, to New York, the Middle East, and Hong Kong and Tokyo. The merger has been widely viewed as an aggressive one, putting together two successful firms, and there is every sign that it is well set to lead London law firms into the 1990s.

A.H.Hermann on the rise and fall of the English legal profession

Solicitors adapt, so must the Bar

THE TIDAL wave of social change that has flooded the UK in the past 50 years has left the legal profession high and dry, on an island insulated from progress, nostalgically clinging to the past and hoping against hope that its monopolies, privileges and restrictive practices will survive.

Loss of public esteem did not move its members. However, in the past few years it has become evident that clinging to the past is unprofitable and threatens the future of the profession. The impending decline jolted the Law Society out of its stupor; it moves now with some alacrity to catch up with the times. The Bar is still on the defensive, unable to accept that no one can stop the tide and that wigs cannot mop up the flood.

What is the social change facing the profession?

First, Law is no longer the exclusive concern of the propertied classes. Mass production and consumerism, the welfare state and urbanisation, the greater mobility of labour required by technological change, produced millions of new potential clients without giving them the means to pay for legal services on a Rolls-Royce scale.

Second, The mass immigration of the post-war years, when the UK was short of labour, transformed large cities into cosmopolitan, multi-racial comglomerations.

Third, UK business and industry became internationalised to an unprecedented degree by the expansion of UK companies abroad, by the invasion of foreign multinationals, by the UK's accession to the European Community, and by the deregulation of the City of London, better known as the Big Bang.

The large City firms of solicitors adjusted to the change. They acquired expertise and are mostly independent of barristers, even when it comes to litigation, as it mostly takes place in the chambers. However, the suburban and provincial solicitors - that is, nearly all - are still dependent on conveyancing, the monopoly of which is slipping out of their hands; on probate, needed only by a diminishing section of population; divorce, which can now be DIY by post; and petty crime, for which the legal aid fund still provides the money.

They suddenly realise that they allowed the accountants, the financial brokers and the business consultants to take their place as advisors of the businessman.

The Law Society, after an internal shake-up under new management, tried to clear the decks for the battle to recover some of this lost ground. It did away with restrictions on advertising and promised some improvements in the complaints procedure. It still wavers about allowing partnerships of solicitors with other professions, fearing a takeover of solicitors by accountants.

However, the prohibition of partnership does not prevent accountants hiring solicitors and barristers as their employees. It will not stop building societies and banks doing the same and acquiring estate agents, in order to provide a comprehensive service. To face this onslaught, the profession has to get better trained in law and more aware of what it needs to keep businesses away from trouble. The Law Society appears to be aware of this need, though it has not yet done much about it.

To open new opportunities, the Law Society has come down firmly in favour of wide-ranging recommendations for changes in court organisation and procedure, proposed in the last of the consultation papers produced by the Civil Justice Review, initiated by Lord Hailsham. One of the main planks of the proposal is a link between the County Court and the High Court, so that most cases would start in the County Court and only those presenting difficult legal issues would move to the High Court.

The barristers, opposed to any linkage that would reduce the High Court input, retaliated by opening discussion on two proposals highly unpalatable to solicitors.

According to the first proposal, in-house barristers employed in legal departments of large companies and institutions would be given direct access to practising barristers in chambers. This would cut out solicitors who now must be asked to "instruct" the Counsel.

The second proposal would allow barristers to appear in criminal court without the presence of the instructing solicitor. As far as their own conduct is concerned, the most revolutionary idea so far discussed by barristers is that they should be allowed to appear in court without wigs.

Less spectacular, but more important, may be the proposal that sets of chambers should be allowed to adopt fee-sharing arrangements, so that juniors could be employed at fixed salaries. This, together with the proposal that barristers should be allowed to advertise their specialiaties, at least in legal journals addressed to solicitors, should be the first step towards breaking the power of the clerks who are now, in in effect, barristers' impressarios, taking a fat cut from their income.

It is also proposed that minor cases of negligence or transgressions of professional ethics should be penalised in a summary procedure. The present cumbersome process leaves victims of such smaller transgressions practically without remedy.

However, more will be necessary. The rather toothless Lay Observer of the Law Society should be replaced by a tribune with real power to defend the victims of both branches of the legal profession.

There can be no rule of law as long as courts are closed to those who are not poor enough to get legal aid or rich enough to be able to pay for it. Let us admit that legal aid is mainly a subsidy to the legal profession, and discriminates against all people dependent on modest or medium income. The remedy is to:

- Allow litigants and attorneys to agree contingency fees, so that the litigant would pay nothing if he lost and the lawyer would get a percentage (according to a retrogressive scale) of the award, if successful.
- Replace the present time fees by fixed standard fees - a policy already embraced by the Lord Chancellor's department.
- Push energetically development towards greater judicial control of pre-trial proceedings and of the trial, making it the judge's job to press for settlement where appropriate. Parties should be required to place their cards on the table and to provide each other and the court with full written information, as a preliminary to oral proceedings which would then take only hours where they now take weeks.

Only a legal profession with a view of the future can rise to its former social importance.

More women entering the law

Continued from page 3

en is the possibility of flexible working hours and of taking work home. Where available, this tends to be offered outside the mainstream of solicitors' firms.

Barristers work entirely on their own account, so maternity absence and later adjustment of working hours simply mean a total or partial loss of earnings. There is more room for personal choice perhaps than in a regular office, though it is directly reflected in the financial reward.

Working hours, which are more compatible with the school day can, for instance, be achieved by doing criminal work, but this is less remunerative than the more time-consuming civil work. The return to practice after childbirth depends on the loyalty of clients and the tolerance of colleagues.

The overall number of practising female barristers has increased, but only to a proportion of 14 per cent, from 13 per cent in 1974. In 1966 the proportion was 5 per cent. There are now 20 women practising as Queen's Counsel out of the total of 558 QC practitioners.

Elevation to the High Court is a sort of last step in a career at the Bar, although the new career is quite different. There are currently three female judges in the High Court (all in the family division) and none above that level.

Choice of the Bar by a woman is a highly individual decision. Far fewer make it than decide to become solicitors, but the profession is, of course, much smaller.

The contrast between the increasing number of women becoming solicitors and the slight increase in the proportion of women practising at the Bar in the last 12 years is nevertheless striking. Of law graduates in 1986 who got first class degrees, only five women are known to have chosen the Bar, compared with 33 women who are becoming solicitors. Thirteen men with first class degrees chose the Bar, while 32 are becoming solicitors. Of all classes of degree, 129 female graduates and 191 male graduates, chose the Bar. In other words, roughly one in six women chose the Bar rather than the solicitors profession, compared with one in four men.

Celia Hampton

Tax advice

Accountants ahead

ONE STRATEGY for solicitors badly hit by upheavals in the legal profession is to move into tax work.

To a large extent, of course, lawyers have already missed their chance. The market for professional tax advice is now highly developed, and the accountants have taken the lion's share. It need not have been that way. In the US, for example, the automatic choice if you need professional tax advice is an attorney, not an accountant.

In the UK, the pattern of tax advice was settled as far back as the 1930s. Accountants, led into the needs of businesses through audit work, responded much earlier, grappling with emerging taxation as another business cost. Solicitors sheltered behind their conveyancing monopoly, and fell behind.

Tax work, even in major firms of solicitors, still reflects that historical backgound, dividing into private client and commercial tax work. Solicitors continue to retain most of the personal estate planning, chiefly because the work ties in with trusts, wills, probate, and real property, and so calls for all-round legal expertise. As a result, much of lawyers' tax work has been directed at taxes on personal estates: formerly estate duty, then capital transfer tax, in turn replaced by inheritance tax. Lawyers may well keep hold of this business, if only because the family solicitor is still seen as the right choice for the delicate, faintly lugubrious work of drafting wills and preparing personal affairs in case of death.

It is the other area, commercial tax, that has mushroomed; and that is what solicitors, through short-sightedness and complacency, let slip. Right across the specturm, from advising small traders, self-employed professionals, up to medium-sized companies and large corporations, tax work is now dominated by accountants.

Some Big Eight accountancy firms boast over 70 tax partners, with another 400 qualified staff in their tax departments. Although the majority are accountants, they are in increasing numbers recruiting solicitors, barristers and former Inland Revenue staff. Such is the demand for tax expertise, these firms now advertise jobs for solicitors specialising in tax.

Solicitors still tend to be condescending about the accountants' tax departments, and without good reason. It is true that they began with a large computational base, with routine return-making and tax compliance work. And it is also true that solicitors start at the other end, with words rather than figures, deducing concrete situations from legal principles.

But in a modern computerised accountancy firm, the large armies are no longer just crunching numbers. Many are interpreting tax statutes and doing what, on any view, is legal work. To such an extent that it is only on very rare occasions that Big Eight firms refer a tax problem to outside lawyers. With that sort of in-house expertise, combined with financial muscle and aggressive marketing, the big accountancy firms are confident of their market share.

And yet there are signs that the trend could be reversed, or at least slowed. Most leading City law firms have developed their own tax services. Whereas 15 years ago, it was unusual to find a law firm with a separate tax partner, now it is common to find a separate tax department, with several partners and perhaps 10 to 15 assistant solicitors.

Many will focus on "pure" tax advice, but other firms have diversified within their tax department. Nabarro Nathanson, for instance, offers all-in advice on areas such as pensions and business expansion schemes, and has started promoting these services through books and brochures for clients.

In a typical tax department, half the work is done for outside clients, and the rest is to service commercial or financial transactions generated by other departments. Most of the internal work is transactional, raising difficult tax questions which require original and creative solutions. The remaining work is direct tax advice for the outside client, often relating to property transactions, VAT, stamp duty and stamp duty reserve tax. Smaller law firms with tax partners receive a fair proportion of instructions from smaller accountancy firms, which may need a second opinion but will lack adequate research services in their own firms.

In addition, there is documentation work, still very much the prerogative of lawyers, and the preparation of tax appeals. Although solicitors have the right to appear before general and special commissioners and VAT tribunals, some instruct counsel as a matter of course, as they must do in the case of further appeals to the High Court.

For barristers, most tax work has remained the province of a tiny number of specialist sets of chambers, with other Chancery barristers advising on tax in the course of trust, company and property work. Tax has remained an area where barristers are well-suited to sustaining their dual role as specialist lawyers, and as a small corps of advocates. It is, however, noticeable that the tax Bar has not expanded at the same rate as the tax departments of law firms over the same period, which may in part reflect the growing expertise of solicitors and a tendency for them to do the work themselves.

Although both lawyers and accountants are competing for the middle ground of tax-planning and consultancy work, the formerly lucrative tax-avoidance schemes have petered out. This is largely due to the House of Lords' decision in *Furniss v Dawson*, which blew out the cobwebs from the most artificial schemes which were spun from the 1950s onwards. Elements of transactions whose sole purpose is tax-avoidance with no underlying commercial purpose can now be disregarded. Overall, this has fostered a more robust attitude by the Inland Revenue, who now prefer substance over form in tax cases, and display a greater willingness to challenge in doubtful situations.

Nonetheless, one major factor that has fuelled the need for expert tax advice is the volume and complexity of UK tax law. Even the present government, which has pledged itself to simplify the system, has done little to stem the tide of new tax statutes. Not only are the tax adviser's familiar yellow and orange books of statutes getting bulkier year by year, there is also the proliferating apparatus which goes with them, the tax cases, Inland Revenue statements, and subsidiary tax regulations.

Solicitors may yet start to offer all-in tax advice to commercial clients, building on their expertise with complex estate and property work, and shifting over to commercial taxation. Tax work, probably more than most areas, is an obvious candidate for a multi-disciplinary practice - something which accountants already have, to some extent.

Graham Whybrow

INTERNATIONAL APPOINTMENTS

FINANCIAL CONTROLLER c£40,000 + car + bfts City	Continued expansion in this leading broking company has created the need for a dynamic qualified accountant, aged 29-36, to control the accounting function. Experience in the securities industry is essential, together with first-class accounting and systems skills. The position provides challenge, variety and unrivalled prospects. Ref: AC 637
CHIEF ACCOUNTANT c£25,000 + car Surrey	Staff management and systems skills are essential requirements for this challenging appointment with a highly profitable and rapidly growing service group. Candidates will be aged 27-40 and have the ambition, dynamism and necessary interpersonal skills to play an influential general management role. Ref: MJH 628
FINANCIAL ACCOUNTANT To £25,000 + car Middlesex	This rapidly expanding European division of a US multinational seeks a qualified accountant with excellent communication skills. Outstanding prospects are on offer in this high tech organisation for a self motivated and ambitious individual aged 30-40 with proven reporting and staff control expertise. Ref: RK 641
BOARD POTENTIAL c£23,000 + car C.London	Board prospects will be on offer with this well established publishing company for a qualified accountant aged 30-40 who can make a major contribution in the following areas: reporting, budgets, systems development and accounting procedures. Sector knowledge would be advantageous. Ref: AN 196
MANUFACTURING c£23,000 + car Surrey	Blue-chip manufacturing company offers high-profile financial accounting role to qualified accountant, aged 28-38. Financial reporting, budgets, forecasts and systems review, form the base of the broad specification. Relevant industrial experience, plus good management skills are essential for this rewarding position. Ref: AC 637
SYSTEMS ACCT — BANKING £20,000 — £25,000 + mtge + bfts City	The opportunity exists to prove your potential in this major international bank. The role will be project based and involve developing a variety of systems for compliance, reporting, dealing and analysis. Salary will depend on the level of relevant experience. Career prospects are excellent. Ref: AN 196

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THE COMPLETE FINANCIAL SELECTION SERVICE
Vernon House, Sicilian Avenue, London WC1A 2QH. Tel: 01-831 2323

Canadian Pacific elects finance vice president

BY BOB GIBBONS IN MONTREAL

CANADIAN PACIFIC has appointed George F Michals, 52, one of the architects of the expansion of Genstar Corporation, as its vice-president finance and accounting and chief financial officer.

He succeeds Paul Clough, 53, who has taken early retirement, the company said. He joined CP Ltd from university in 1956.

Mr Michals, a chartered accountant, was vice-president finance at Dominion Textile Inc when he joined Genstar, the real estate and financial services group in 1974 as vice-president finance. Genstar Corp was acquired last year by Imasco Ltd for C$2.6bn.

Later he became executive vice-president real estate and land development as well as chief financial officer of Genstar.

Analysts said the appointment of Mr Michals indicates that CP Ltd will pay closer attention to the performance of its remaining manufacturing subsidiaries and to development of its Marathon real estate arm, a major Canadian property developer and landowner.

CP Ltd has divested Cominco, its mining and metals arm, and an agri-products subsidiary generating more than C$2bn for debt reduction. Its earnings have rebounded in the first half of 1987.

American Brands strengthens office products division

AMERICAN BRANDS, tobacco to financial services company based in Connecticut, has announced two senior appointments which it says reflects its growing commitment to the office products segment of its core activities.

Mr Robert J Rukeyser has been elected vice president, operations, and Mr Douglas K Chapman has been appointed to succeed him as vice president, office products. Mr Chapman will also continue as chairman and chief executive officer of the company's ACCO World Corporation subsidiary.

William J Alley, chairman and chief executive officer of the group, said: "The realignment reflects the growing importance of the office products segment, which is an emerging core business at American Brands."

In August, American Brands aquired ACCO World, bringing its pro forma annual sales of its office products group to approximately $600m (£363m).

Mr Alley said Mr Rukeyser would continue worldwide co-ordination of office products in tandem with his broader operational responsibilities within American Brands.

Mr Chapman would also have direct responsibility for American Brands' North American office products operations. These would now report to ACCO World, which also conducts operations in the UK, Ireland and Holland.

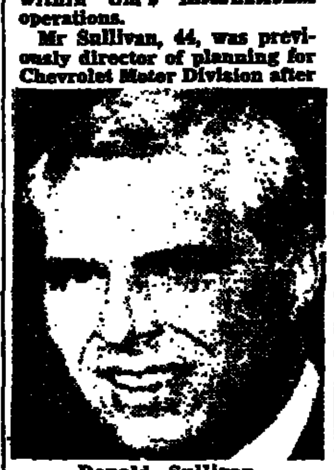
Mr Rukeyser, 45, joined American Brands in 1981 as public affairs director and assistant to the chairman and was appointed vice president, public affairs, in 1983. Mr Chapman, 59, has been with ACCO since 1953. In 1971 he led the group in a leveraged buy-out and was appointed chairman and chief executive officer.

GM Europe post for Sullivan

MR DONALD SULLIVAN has been appointed vice president, planning, of General Motors, Europe, the US-based vehicle manufacturing company.

He succeeds Mr Donald Hedeen, who is returning to the United States to take over responsibilities for the integration of worldwide systems within GM's international operations.

Mr Sullivan, 44, was previously director of planning for Chevrolet Motor Division after



Donald Sullivan

having held several managerial positions in product and production planning at the Buick Motor Division fir eight years.

He graduated from Wayne State University with a Bachelor's degree in marketing and management and received a Master of business administration degree from the University of Detroit.

Birla to head Indian batteries producer

MR S K BIRLA has been appointed chairman of Chloride India, the major producer of rechargeable batteries in India.

Mr Birla is chairman of several of the largest companies in the Indian corporate sector, including VXL India, Jiyajeero Cotton Mills and Mysore Cements. be is also chairman of Nalin Industries, Malaysia, Birla Eastern and Tech Trade (Singapore).

Mr Kent Price, chief executive of Chloride Group, has been appointed deputy chairman of Chloride India. Chloride Group has a 51 per cent interest in Chloride India, a publcially quoted company with an annual turnover of £40m.

In July, Chloride announced an alliance with the Birlas to take advantage of new marketing opportunities in the subcontinent.

MicroPro names senior marketing vice president

THE CALIFORNIA-based microcomputer software developer MicroPro International Corporation has named Mr Paul Ricci as senior vice president, marketing.

Mr Leon Williams, president and chief executive, said the appointment was part of a strategy to launch a series of products and upgrades for existing users and new markets.

MicroPro is a major international developer and marketer of software products and services, including the WordStar family of word processing and communication products.

CITICORP Investment Bank, a unit of Citicorp CCI, has appointed Mr Frederick Dawson to the new position of managing director in its New York mergers and acquisition department.

Mr Dawson was previously chairman and chief executive officer of Beneficial Insurance Group, a unit of Benificial Corporation.

* * *

RUDOLF WOLFF KK, Tokyo, the metals company, has appointed Mr Tadayoshi Tazaki as joint managing director following the company's decision to represent the financial futures broking interests of Elders Finance Group in Japan as from next January.

Mr Tazaki was the first Japanese national to be authorised as an LME dealer in 1971 and has maintained a close relationship with the Exchange.

* * *

MERRILL LYNCH, New York, has elected Mr William Rourke as a director, bringing the board up to 16 members. Mr Rourke is president and chief executive of Reynolds Metals.

Accountancy Appointments

James Capel

FINANCIAL CONTROLLERS

Stockbroking · Tokyo and Hong Kong

James Capel is seeking two mature and adaptable accountants to head its controllership, treasury, accounting and settlements functions; one based in Tokyo and one in Hong Kong. Reporting to the respective Managing Directors, the Financial Controllers' responsibilities will be to provide leadership, direction, control and guidance on all financial, treasury, accounting and statutory reporting matters and to ensure that the companies' back office and accounting functions are performed in a cost-effective, efficient and timely manner in line with business needs.

Candidates should possess:

- a university degree and a professional accountancy qualification gained in the U.K., or equivalent,
- controllership experience, preferably gained in a securities environment but otherwise in the financial services sector,
- the strength of character that is required to participate effectively in a strong management team,
- a genuine willingness to adapt to the local culture; the Tokyo controller will need to acquire a working knowledge of Japanese.

A very attractive expatriate remuneration package will be offered including profit sharing bonus, accommodation and other allowances.

Please reply in confidence, with full career details and quoting reference C7552/L, to Valerie Fairbank.

KPMG Peat Marwick McLintock
Executive Selection and Search
9 Creed Lane, London EC4V 5BR.

POTENTIAL MANAGEMENT CONSULTANTS

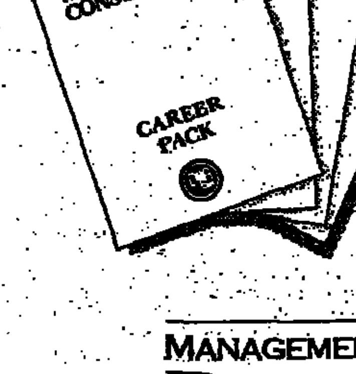
21ST OCTOBER

Have you left this date free?

Institute of Directors **6.00pm – 8.30pm**

If you are aged 26-30, a graduate accountant or MBA with relevant financial or accounting experience, you are invited to come along and learn the facts about a move into management consultancy. We have invited representatives from **Deloitte Haskins + Sells** and the **Internal Business Consultancy** of **Shell** to give you an informal presentation about the practical aspects of life as a consultant.

Places are *strictly* limited, so early application is essential. Entrance is by ticket only.



☐ I would like to attend the Seminar on 21st October
☐ I cannot attend but would like a copy of the Management Consultancy Career Pack
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Deputy Financial Controller

South of London **To £28,000 + Car**

Our client, an American company, is amongst the top ten worldwide Financial Services Companies, with revenue approaching $10 billion and assets of $21 billion.

The UK operation is currently going through a period of rapid growth and as a result the company has identified the need to strengthen their finance function through the appointment of a Deputy Financial Controller.

The Deputy Financial Controller will be responsible through a staff of 25 for all financial reporting of the UK operation. In particular a detailed understanding of the UK statutory reporting in respect of traditional life and unit linked assurance will be expected.

The appropriate candidate will be aged 28-35 and a qualified CIMA/ACA/ACCA. Experience of the life insurance industry is essential together with a strong personality, good man-management skills and "shirt sleeves" operating style.

Interested candidates should submit their C.V. to Wayne Thomas, Executive Division, at Michael Page Partnership, Cygnet House, 45-47 High Street, Leatherhead, Surrey KT22 8AG.

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Financial Planning and Analysis Manager

HOME COUNTIES **c£25,000 + car**

Our client is a major division of one of Britain's most prestigious companies and commands a pre-eminent position in its important sector of service industry.

In reorganisation, a Financial Planning and Analysis Manager is to be appointed, reporting to the Divisional Finance Director, who will be responsible for a team of financial analysts supplying expertise and recommendations on the financial implications of future investment plans and strategies. In addition, there will be important work on the Division's Business Plan and the *Annual Budget consolidation.*

Candidates, male or female, will be qualified accountants or business graduates who have had management experience in financial analysis as well as investment appraisal. An essential quality is the ability to communicate at all levels and to plan key tasks effectively.

An attractive remuneration package to be negotiated includes a salary in the region of £25,000 plus car and other benefits associated with a major Group.

Please reply in complete confidence enclosing full career details to Michael Hann, Bull Thompson & Associates Ltd, 63 St Martin's Lane, London WC2N 4JX quoting reference 1269.

Bull Thompson
CORPORATE AND RECRUITMENT CONSULTANTS

ACCOUNTING MANAGER

Yorkshire
c£25,000
+ Bonus
+ Car

Our client is a household name UK plc with a £multi-million turnover operating on a wide geographical basis. It is committed to both organic and acquisitional growth and has an outstanding track record of recent success.

They wish to appoint an Accounting Manager who will head a department of 50 with responsibility for the production and interpretation of management information both at Head Office and operational level. Key areas of involvement will include the continued development of the company's management information systems, the direction of a team of high calibre qualified and part-qualified accountants in addition to participating in the company's financial strategy and contributing to the ongoing profitability of the business. Career prospects are excellent.

Candidates aged 28+ will be qualified accountants (ACA, CIMA, CACA) with well developed man-management skills, preferably gained in a substantial UK Group, in order to direct and motivate a large department. Individuals will also possess personal presence, highly developed communication skills and commercial awareness in order to operate successfully at Executive level in a major Group.

Initially please write with full career details to: Steve Garlick, Lockyer, Bradshaw & Wilson Ltd, 39-41 Parker Street, London WC2B 5LH. Please list in a covering letter all companies to whom you do not wish your application sent.

LBW
LOCKYER, BRADSHAW & WILSON LIMITED

CHIEF ACCOUNTANT-DIRECTOR DESIGNATE

South Coast £25,000 + car + bonus

Our client, a £25 million turnover company, is part of a group engaged in the manufacture and supply, throughout the world, of a wide range of healthcare products. The company has a history of profitable growth and has achieved success in both domestic and export markets.

Due to growth and internal promotion, the company is now looking for a Chief Accountant (Director designate). Reporting to the company's Managing Director and supported by a total staff of 25, the individual who is appointed will be responsible for all financial aspects and will be actively involved in the formulation of business strategy.

Applicants should be qualified accountants with five or more years post-qualification experience gained, at least in part, in a manufacturing environment. Individuals who have been exposed to a medical, plastics and/or marketing led environment will be at an advantage. Professional skills should cover financial and management accounts, man management, knowledge of export procedures and familiarity with computerised systems.

For the commercially minded accountant with drive and good inter-personal skills, career development prospects within the group are excellent.

The remuneration package includes a substantial bonus and the usual executive benefits. Relocation assistance to this attractive part of the country will be available and applications from all parts of the country are welcome.

Please write in confidence with full career details, quoting reference S7544/L, to Cathy Rowan.

KPMG Peat Marwick McLintock

Executive Selection and Search
9 Creed Lane, London EC4V 5BR.

Group Financial Controller

London Area
£27 - £30,000 negotiable + car

A leading construction materials group has created a new senior financial position to help introduce and implement ambitious plans for growth.

The group is widely diversified and multi-divisional. This is an exciting opportunity to work closely with senior management at head office and in the divisions to develop plans for both organic growth and acquisitions. Reporting to the Group Finance Director, line managment responsibility will be the control of a highly sophisticated accounts function with 80 staff including financial and management accounting and credit control.

Candidates must be graduate accountants, ideally chartered, in their mid-thirties having gained substantial senior management experience in a large multi-site industrial group. An ambitious, commercially aware approach plus the ability and confidence to create and communicate ideas is essential.

An attractive salary package will be negotiated with the successful candidate. Prospects for further advancement within the group are excellent.

Please write enclosing a full CV and salary details quoting reference MCS/2003 to
Christopher Bainton
Executive Selection Division
Price Waterhouse
Management Consultants
No. 1 London Bridge
London SE1 9QL

Price Waterhouse

KERR McGEE

Keep Pace with Oilfield Developments

Part of the substantial, diverse and well established Kerr McGee Corporation, Kerr McGee Oil (UK) PLC already enjoys production revenue from the Beatrice oilfield and Brae complex. It has a share of the Ivanhoe/Rob Roy development and has played a leading role, both as operator and partner, in identifying several very promising discoveries. Poised for major expansion, it provides a highly exciting working environment with real prospects for accelerated advancement. Its immediate need is for several finance professionals who are keen to contribute to a significant project from its inception.

Taxation Adviser

Take charge of day to day taxation matters for the Company and its subsidiaries with involvement in both planning and compliance in the UK and internationally. Currently working in an oil company, the profession or the Inland Revenue, you have several years' experience of oil taxation.

Joint Venture Coordinator

Enjoying significant scope, coordinate and supervise all joint venture accounting with the emphasis on building an integrated financial system. An accountant with c 5 years' post qualification experience, you have worked mainly in oil and gas exploration and production.

Payables Accountant

Supervise payables, including monthly corporate accounting and assist with systems development. Qualified by experience rather than qualification, you have around 10 years' relevant experience.

All positions are London based and require computerised systems experience and the ability to cope and keep pace with rapid corporate development. Salaries and benefits are both competitive and negotiable.

Please telephone or write (in complete confidence) with CV, to **Sue Jagger, Simpson Crowden Consultants Limited, Specialists in Executive Search & Selection, 97/99 Park Street, London W1Y 3HA. Tel: 01-629 5909.**

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Broker Services Limited is a major new joint venture between Barclays Bank and NMW Computers. Formed in May, 1986 to provide administrative and accounting services to securities houses on a worldwide basis, it has already reached its three-year target and increased its turnover eight-fold since formation.

As a result, they require an ambitious accountant to enter the finance department as number two. Initially establishing budgetary and control procedures, the position will involve considerable liaison throughout the company, together with involvement in high level special projects. In the short term the emphasis of the role will shift towards risk and balance sheet management.

Aged 28-35, you must have four/five years post-qualifying experience, probably in a similar rapidly changing environment, and ideally be an ACA. You should be prepared to become involved at all levels and should not be afraid of long hours and hard work. Regular UK travel is envisaged.

In return for your commitment, an excellent salary is offered, together with an executive car and a valuable range of benefits, including six weeks holiday, pension scheme, family health insurance and preferential loans. Prospects exist for very rapid career advancement as the company's phenomenal expansion continues.

For further information, please contact Jane Easton on 01-404 3155 or write to her at Alderwick Peachell and Partners Limited, 125 High Holborn, London, WC1V 6QA.

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Machinery Manufacture

EAST MIDLANDS **Up to £25,000 + Car + Benefits**

Our client, a subsidiary of an international group who are world leaders in the manufacture, sale and distribution of high performance machinery, is seeking to appoint a Financial Director.

Reporting to the Managing Director on site the successful applicant will have overall financial control and will provide an important contribution to the strategic planning and direction of the Company. Ongoing enhancement of the computerised systems is of paramount importance.

Ideal candidates will be qualified accountants aged 30 plus currently working within an engineering manufacturing environment and must be commercial with a hands-on approach. Self motivation and good inter-personal skills are vital prerequisites for this challenging role.

An attractive negotiable basic salary, prestige car and bonus scheme are offered, together with the usual fringe benefits associated with working within a major company, including relocation expenses where necessary.

Please send a full CV, including current salary, and quoting reference No.207, to Maureen A. Ingle at:

Ashley Recruitment

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Audit Seniors

for international finance operations

£18,000 to £23,000 neg + car **Based Watford**

As a major US-based multi-national corporation, with European sales in excess of $300 million, Parker Hannifin is a world leader in motion control technology. Rapid growth, heavy investment and an outstanding financial performance have all contributed to our success and, as a result, the opportunities for career growth in such a dynamic and expanding environment are exceptional.

At our European headquarters in Watford we require a number of high calibre Audit Seniors to carry out a wide variety of projects on behalf of operating locations, including year end, investigative, financial and operating reviews. This will involve travel throughout the UK and in Europe.

We're looking for men and women who are very much business managers, able to make a major contribution to overall operational effectiveness. In addition, knowledge of US accounting principles and an ability to apply tight financial controls in a highly computerised environment would be useful. If you speak a foreign language, preferably German, so much the better, although language training will be given if necessary.

Aged in your mid to late 20's, you should be a graduate with a CA or CIMA qualification and at least two years' auditing experience, ideally gained with one of the top 8 firms, or a blue-chip international company.

If you have the high level of professional competence to make an immediate and measurable impact on our continuing success in European markets, there are excellent opportunities for rapid career progression both in finance and line management roles.

Salary will be negotiable up to £23,000 plus car and an attractive benefits package which will include relocation assistance where appropriate.

Please write with full C.V. to Leszek A. Marcinowicz, Personnel Manager (UK), at **Parker Hannifin**, Star House, 69-71 Clarendon Road, Watford, Herts WD1 1DQ, or phone Watford (0923) 246611 for an application form.

Parker

LONDON APPOINTMENTS

Financial Analyst c£24,000

If you are a graduate accountant, aged 25-32, seeking a high-level analytical role involving key strategic decision-making and close liaison with senior operating management, then this highly active international oil company would like to talk to you. You will be responsible for providing a crucial forecasting service, annual plans and operating data information.
Ref SEW 3024

Chief Accountant £25,000

One of the largest and most successful international PR companies is seeking a young (aged 28-32) qualified accountant to report directly to the Financial Director. In addition to providing a full financial and management accounts function for the UK operation, you will also be responsible for developing and enhancing an extensive range of financial controls. Highly visible, and essential for the company's growth, this role will give you outstanding career development. Ref DFP 3026.

To find out more about these appointments, or the range of opportunities currently available, please contact Stewart Wright, Manager, Accountancy Appointments, Telephone 01 408 1694 (out of hours 01 851 2502)

Management Personnel
Recruitment Selection & Search
2 Swallow Place, LONDON W1R 7AA.

Management Accountant

South Coast c.£22K + Car

Our client is a fast growing high-tech business, enjoying considerable success in advanced electronic systems worldwide.

They are now looking for an experienced management accountant to head a small team which will provide an important part in the winning of key tenders and the evaluation of strategic options. Reporting to the Finance Director you will work closely with line managers to bring financial skills to the Business in the areas of tendering, export finance, product planning and market entry planning.

Aged 30-35 you will be a full member of a major accounting body, you must have 5 years' relevant experience ideally in a high tech environment, including 2 years as a senior member of a finance team. Proven management accounting skills are essential.

Starting salary circa £22,000, prospects are excellent and an attractive benefits package including generous holidays, BUPA, company pension scheme and relocation assistance where applicable.

Confidential Reply Service: Please write with full CV quoting reference 2109/AM on your envelope listing separately any company to whom you do not wish your details to be sent. CV's will be forwarded direct to our client, who will conduct the interviews. Charles Barker Recruitment Limited, 30 Farringdon Street, London EC4A 4EA.

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FINANCIAL DIRECTOR DESIGNATE PROPERTY SERVICES

West London **c£25,000 + bonus + car**

A rapidly expanding multi-discipline professional practice involved in all aspects of property development, design and service, is seeking a dynamic young Chartered Accountant to assume responsibility for the overall financial systems and controls.

Situated in pleasant modern offices in Twickenham, this plc group of companies has recently streamlined its management structure, and is seeking a self-motivated individual with the ability to guide the group into the next stage of its planned development, which includes a listing of its shares.

Probably aged 28/35 the candidate will preferably have had experience in related areas, but this is not so important as enthusiasm and drive, the ability to communicate with other professionals, and the willingness to form part of an entrepreneurial management team committed to rapid growth and expansion. A familiarity with micro-computers, and the ability to use computers as an aid to planning and management control is essential.

The remuneration package is negotiable and will include a performance-linked bonus and the prospect of share options in the future.

Interested candidates should write, enclosing a comprehensive C.V. to:

D. Hopkins
Price Waterhouse
Thames Court, 1 Victoria Street, Windsor SL4 1HB

INTERNATIONAL AUDIT PRACTICE

Exceptional opportunities for career advancement and capital accumulation

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AUDIT PROFESSIONALS

£24,000 upwards, Tax Free + Extensive Benefits

Touche Ross Saba & Co is the largest nationally based professional audit practice in the Middle East, North Africa and the Mediterranean area, having 27 established offices and representation in 25 countries.

The firm, established for 60 years, employs professionals from Europe, North America, Asia and the Middle East and is currently seeking to appoint high calibre audit personnel with potential for promotion at its offices in Oman, Saudi Arabia and Cyprus.

Appointees must be capable of taking charge of major audits. Work experience is of a high quality allowing individuals exposure to an extensive portfolio of national and international clients especially in the financial sector, insurance, construction and commerce. Successful candidates will have a high level of academic achievement (ACA, ACCA or CPA) and strongly developed personal qualities which are essential to meet the high standards required.

Candidates for the position in Jeddah will be expected to have a basic knowledge and *experience of EDP audit practices for which an additional premium will be paid.*

The position based in Cyprus involves extensive travel and fluency in French is essential.

Advancement and earning potential in all positions are excellent. Comprehensive benefit package includes accommodation, transport, home leave, training courses, etc.

Please telephone or write with career details to

W Martin Dyas
SABA & NAGLE INTERNATIONAL LIMITED
135 Notting Hill Gate, London W11 3LB.
Telephone: 01-221 2996

SABA AND NAGLE INTERNATIONAL

Financial Controller

To £23,000 plus benefits

Central London NEW POSITION

Our client is a very colourful and highly profitable company which specialises mainly in quality photographic work for some very prestigious organisations.

The environment is one of creative freedom and expression. Open plan and open minded, it's young and progressive, yet relaxed and artistic. More importantly, it's very productive, yielding excellent results and expanding and diversifying rapidly.

There is now an urgent need for an exceptional Accountant to take responsibility for all financial/management accounting, systems development and controls. As the most senior Finance Professional, you will work closely with the Directors and be very involved in the business itself, contributing your ideas for its continuing growth.

You will need sharp commercial acumen and experience, a hands-on approach and the ability to function as an integral team member and leader.

You will be aged 25 plus, and seeking an employer who will recognise and reward your efforts in developing the group.

Send your details immediately, quoting ref. LT57 to
Le Tissier Executive Selection, Ely House,
37 Dover Street, London W1X 3RB.
Tel. (01) 409 1343 (24 hrs).

Le Tissier
Executive Selection

Group Accounting Manager

c.£35,000 + Car

This Group is a £ multi billion UK international corporation. It holds a powerful position in its industry and is expanding internationally by acquisition and joint venture. The top management, which is clearheaded, energetic and very positive in outlook, provides a stimulating environment in a small and unbureaucratic headquarters unit in Central London.

The role of Group Accounting Manager requires an individual with the personal skills and experience to manage and develop a team of 10 people through this period of group expansion. The technical requirements include the range and depth of knowledge to meet the external reporting requirements of statutory and regulatory bodies in the major developed countries, to control the financial reporting and consolidation processes associated with a major blue chip organisation and to provide technical leadership across the Group.

Applicants must be graduate chartered accountants with management experience gained in the commercial environment of large company headquarters. Age guide 30-35. Location C. London.

Please reply in confidence quoting ref. L326 to:

Margaret Mitchell
Mason & Nurse Associates
1 Lancaster Place, Strand
London WC2E 7EB
Tel: 01-240 7805

Mason & Nurse
Selection & Search

WLG Williams Lea Communications

Financial Controller

City **c£22,500**

Williams Lea Communications Limited, formed in 1985, provides a comprehensive office support service 24 hours a day to the City. The Company, part of a rapidly expanding group in printing and communications, now seeks to strengthen its finance function.

Responsible to the Managing Director, the job will include the preparation of period and statutory accounts, short and long term plans and systems development.

Candidates should be qualified accountants aged 24-35, have a good financial and management accounting background, an interest in developing management information systems and the self-motivation and flexibility required in a fast growing environment.

Please reply in confidence with a comprehensive curriculum vitae including details of current earnings and a daytime telephone number to **D. E. Shribman.**

HUDSON SHRIBMAN
THE COMPLETE FINANCIAL SELECTION SERVICE
Vernon House, Sicilian Avenue, London WC1A 2QH. Tel: 01-831 2323

UNQUALIFIED ACCOUNTANT

Mid 20's required by leading motor vehicles distributor to assist company secretary (must be currently studying)—salary negotiable.

Send CV to:
Company Secretary
Broadfields Garage Limited
Standard House
Cockfosters, Barnet
Herts EN4 0DH

Busy 2 partner firm of Chartered Accountants in North East London require 2 recently/newly qualified Chartered Accountants to progress quickly to partnership.

Top salary and benefits.

Telephone:
S. P. Putnam, Ashfields
01-530 5037.

GLOBAL CAPITAL MARKETS

Our client, a subsidiary of a leading Top 50 International bank has recently formed a London based securities operation and now seeks to recruit two key individuals:

Age 25-35 **£ negotiable**

CHIEF ACCOUNTANT

The position will carry the responsibility for the design compilation and reporting of all financial information.

The successful candidate will be a qualified accountant preferably with financial services experience.

The personal qualities sought are a high degree of enthusiasm and commitment and a willingness to be extensively involved in a rapidly expanding operation.

Efforts will be recognised by a substantial earnings package.

Age 20-mid 30s **£ negotiable**

HEAD OF SETTLEMENTS

The experience sought is likely to have been gained over a three to five year period within an International trading organisation.

The character profile required is one of enterprise and assertiveness as there is a fundamental need to ensure acceptable procedures and effective controls.

Some previous supervisory experience would also be preferable since the supervision of a number of junior staff is envisaged for the near future.

For further details please telephone Richard Parnell (Chief Accountant) or Anna Marshi (Head of Settlements) on 01–930 7850, *or write giving brief details to the address below.*

ROBERT • WALTERS • ASSOCIATES
RECRUITMENT CONSULTANTS
66-68 Haymarket London SW1Y 4RF Telephone: 01-930 7850

MIVAN

FINANCIAL DIRECTOR

Substantial Benefits Package Available

Our Client is a group of companies whose principal activities are spread over the U.K. and abroad in the *construction* industry but with recent diversification into manufacturing. Further significant expansion in England is imminent. Turnover in the current year will *be about £25m.*

A Group Director of Finance is now required to join the main Board of the company to provide financial and *commercial support.*

The position of Financial Director will carry total responsibility for the overall financial management of the group with responsibility for reviewing and analysing the financial information of the subsidiary companies.

In particular:—

- Strategic Plans
- Monthly Results and Board Commentary
- Liaison with Banks and Third Parties
- Capital Expenditure
- Working Capital Control
- *Acquisition Identification/Recommendations*
- Computerisation

Candidates should be qualified accountants with a strong background in technical accounting and strategic analysis, together with highly developed interpersonal skills and commercial awareness. It is unlikely that applicants earning less than £25,000 or who are under 30 will be able to demonstrate the range of experience sought.

Please reply to Alastair Browne, in strict confidence with details of age, career and salary progression, education and qualifications and quoting reference number AWB/1061.

Deloitte Haskins+Sells
Management Consultants
10 High Street, Belfast BT1 2BL
Telephone No. (0232) 246969

Company Secretary

with Treasury Specialism

Construction and Development

to £35,000 + Share Option + Car · South West

This plc is a substantial and successful contractor, housebuilder and property developer operating mainly in the South and West of England.

Reporting to the Chief Executive with responsibilities to the Chairman and the Board you will be part of the company's inner sanctum of management and play a leading role in confidential directorial matters including future strategy, company acquisition and all the legal aspects of the business. This multi-faceted role also requires you to be involved with treasury, banking relationships, *funding procedures and money market dealings,* as well as controlling the more normal functions—insurances, pensions, liability law, property, administration.

Candidates should be aged 35-45 with ACIS or either a law or accountancy qualification. You must have several year's experience in a similar environment which will have included working for a quoted company. Knowledge of the industry sector is not essential but would be useful.

An exceptional salary is offered reflecting the importance of the position and the calibre of the person being sought. Please write or telephone for an application form, or send a detailed CV in confidence to R.H. Southwell at the address below quoting ref: PBM/1756/RS.

PA

PA Personnel Services

Executive Search • Selection • Psychometrics • Remuneration & Personnel Consultancy

6 Highfield Road, Edgbaston, Birmingham B15 3DJ.
Tel: 021-454 5791

KATUN (UK) LTD
CHIEF ACCOUNTANT

£18k + Bonus + Car + Benefits

Katun Corporation is the World's largest Independent Distributor of Spare Parts, Consumables, Accessories to the Office Automation Industry.

An opportunity now exists for a Young Qualified (ACA) person to become Chief Accountant with specific responsibilities for Katun (UK) Ltd.

Based in Heston and reporting to the General Manager and Financial Controller (USA) the successful Candidate would have had at least 3 years' practical experience since qualifying. You should also be able to demonstrate good management skills as well as have experience with on-line computer systems and IBM PC. This is an exceptional opportunity for a young and energetic person who wants to make a major and positive contribution to the growth and success of a dynamic organisation.

Please write with full cv to:
Jan Byrne, Personnel Administrator
KATUN UK LTD
Airlinks Industrial Estate, Unit 4/5 Spitfire Way
Southall Lane, Heston, Middx TW5 9NR
or alternatively call: 01-561 0667 for an application form

Hanson Trust PLC

Financial Comptroller

Hanson Trust PLC requires an ambitious Financial Comptroller to join its small central management team based in London.

Hanson Trust is one of the foremost growth companies of the last two decades and is committed to a continuation of this growth both organically and by acquisition in the UK and the USA where half the group's businesses are situated.

Many of the senior management positions in the group have been filled in the past from members of the central team and the position therefore offers enormous scope for an ambitious and energetic accountant.

The successful applicant, male or female, will be a chartered accountant, 30–35 with a good academic background and progressive experience in practice and industry.

A substantial salary will be paid and generous fringe benefits, including car, are available.

Applications should be made to:

The Financial Director,
HANSON TRUST PLC,
1 Grosvenor Place,
London SW1X 7JH.

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AUDIT & COMPLIANCE MANAGER

International Bank

to £35,000 plus full banking package

Our client, a bank established for over three centuries, is now one of the largest commercial banks in its country. The London branch, originally established in 1924, offers a full range of banking services including money market/foreign exchange, deposits/remittances and corporate lending.

Planned expansion and the current regulatory environment have created a need for the new position of Audit and Compliance Manager. Reporting to the Senior Deputy General Manager, the role will involve establishing a new audit function and ensuring that the bank complies with Bank of England and other regulations. The role will broaden in the future to include more general accounting and financial control and advice.

Candidates should be qualified accountants who have gained sound knowledge of banking and the current regulatory requirements. They should be able to establish their professional credibility quickly within the branch and with the Bank of England. A knowledge of computerised banking and accounting systems is essential, as are excellent communications skills.

Please write in confidence, enclosing full career details, to Jane Woodward quoting reference M6620

KPMG Peat Marwick McLintock

Executive Selection and Search
9 Creed Lane, London EC4V 5BR

Financial Executives

currently seeking

£20,000-£50,000

Cartwright Hopkins is an established executive recruitment consultancy that provides its services in a professional, personal and confidential manner. We continually seek to extend and broaden our contacts with qualified accountants or treasury executives who have achieved a successful career to date and who may wish to develop their careers further by seeking a change of position now or alternatively by considering opportunities in the future.

Please write enclosing a full curriculum vitae to:
Philip Cartwright F.C.M.A. or
Nigel Hopkins F.C.A.,

97 Jermyn Street,
London SW1Y 6JE.
Tel: 01-839 4572.

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Financial Director

Home Counties
c. £35,000 + car
and performance incentive

One of the foremost names in financial services wishes to appoint a Financial Director to take a leading role in the planning and development of its future growth strategies.

The company, part of a major and highly regarded plc, has enjoyed dramatic growth to become a leader in the field of mortgages, life assurance and related services. To build further on their impressive record this new appointment, in addition to taking full functional responsibility for the financial team, will play a key part in the provision of strategic advice on all future developments and diversifications.

Candidates must be qualified accountants, ideally Chartered and in their mid-thirties, who have already reached a senior and influential position in a fast growing company preferably in the financial services sector or alternatively in consumer goods. Experience of computer based accounting systems plus the personal qualities of drive and initiative are essential. The position requires a commercially astute decision-maker who can bring foresight and judgement to bear in a highly innovative and market responsive environment.

Salary is negotiable and the generous benefits package includes an excellent performance incentive scheme. There are exceptional prospects for further advancement within the group.

Please write enclosing a full CV and salary details quoting reference MCS/2004 to Christopher Bainton
Executive Selection Division
Price Waterhouse
Management Consultants
No. 1 London Bridge
London SE1 9QL

Price Waterhouse

Finance Directors

West Yorkshire — **to £35,000 + Bonus + Car**

Our client is a highly acquisitive international manufacturing technology, systems and specialist engineering group with a new, young and entrepreneurial senior management team. Due to their continued commitment to growth and profitability the need has arisen to appoint two Financial Directors within their operating divisions.

Divisional Finance Director

to £35,000 + Bonus + Car

Reporting to the Managing Director of a £20 million turnover multi-site high technology equipment manufacturing division, the incumbent's responsibilities will be for all aspects of the finance function. Key areas of involvement will be the integration and development of sophisticated financial management information systems. The successful applicant will also be expected to contribute significantly to strategic business planning and the overall commercial management of the business.

Finance Director

to £25,000 + Bonus + Car

A £10 million turnover high technology manufacturing unit supplying the Aerospace and Automotive markets worldwide, seeks an individual who, reporting to the Managing Director, will be responsible for the total finance function. The successful applicant will be expected to contribute to the company's future success by implementing and exercising stringent control over manufacturing costs, maximising the effective use of financial resources and providing creative commercial input.

The successful candidates, preferably aged under 40, will be qualified accountants of graduate intellect, who can demonstrate a progressive track record of achievement gained in a manufacturing environment. In addition they will be able to demonstrate commercial awareness and the necessary interpersonal skills in order to participate in the development of the Group. Prospects are excellent.

Interested applicants should contact Stephen J. Broadhurst quoting ref: L8385 at
Michael Page Partnership, Leigh House, 28-32 St. Paul's Street, Leeds LS1 2PX. (Tel. 0532 450212).

MP
Michael Page Partnership
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham Manchester Leeds Glasgow & Worldwide
A member of Addison Consultancy Group PLC

Group Finance Director

Midlands — **to £25,000 plus car**

Long established; well known and respected; profitable and now looking towards sound growth in the future, this £20M turnover company is ideally placed to offer a most rewarding challenge and opportunity to an ambitious and capable qualified accountant. Based in the Midlands but operating on a National Scale, there will be the opportunity to share in the overall management in a demanding business environment. Preferred applicants will be aged between 35 and 45 and have both professional and commercial experience and a thorough knowledge of systems implementation. It would be particularly relevant if candidates were familiar with the construction or engineering industries. An incentive scheme related to profits enhances the basic salary and other benefits will more than repay the commitment, commercial flair and enthusiasm that it will be necessary to bring to this position.

Applications are welcomed from men and women.

OVERTON MANAGEMENT SELECTION

If you feel you have the attributes required, please send full career and personal details to John L. Overton FCA, Managing Director, Overton Management Selection, 3 Berkeley Square, London W1X 5HG, or telephone 01-408 1401 for an application form quoting reference 11/1115/FT.

A key role in Financial Services Marketing

Unit Trust Development Manager

£23-27,000 + benefits based York

Our client is a leading Insurance organisation planning to take a share of the ever-increasing Unit Trust Market. In order to direct, control and develop this major growth area, they are looking for a financial marketing professional with drive and foresight to join a dynamic young team based at their head office in York.

Reporting to the Business Development Manager and part of a senior management team, you will be responsible for the marketing and presentation of a new product range to the market place. Our client sees this as a major initiative: substantial funding, promotional budget and further investment, demonstrate their commitment to making this an exciting and challenging arena.

You will probably be aged in your early 30's, of graduate calibre or holding equivalent professional qualifications, with substantial experience involving the marketing of Unit Trusts. Equally critical will be your ability to provide innovative solutions in this competitive market place, enabling you to progress and expand both the Department and, in consequence, your own role within the organisation.

Rewards are first-class with an excellent salary and benefits package. Full relocation expenses are available where appropriate.

Candidates, male or female, should apply, enclosing a full c.v. to the Company's adviser, David Boyes, Mercuri Urval Ltd, Ship Canal House, King Street, Manchester. M2 4WU quoting ref. 38/87

Mercuri Urval

Financial Director

Nottingham — **c.£25,000+car +profit share**

Our client is renowned for the innovative design and manufacture of specialist engineering, maintenance and construction equipment. The Company has a turnover of about £3 million, and has a major export expansion programme based on recent and successful R & D.

The Company requires an experienced, commercially-minded, qualified accountant as part of the senior team. The appointee will play a key role in all financial, commercial, planning and administrative matters.

Applicants, aged over 30, must have gained practical management experience in a progressive career and ideally have a sound knowledge of computer systems, gained preferably in a manufacturing environment.

In the first instance please write in complete confidence quoting reference 6659 and submitting a curriculum vitae, including current salary, to:

Peter Childs
Pannell Kerr Forster Associates
New Garden House
78 Hatton Garden
London EC1N 8JA

Pannell Kerr Forster Associates
MANAGEMENT CONSULTANTS

Property Controller

City — ***Package to £30,000 + Car***

Our client is a major financial services group who now seek a Controller for the property division. They have a number of properties including two under construction and require an accountant with relevant experience of the industry. Applicants must be qualified, aged 27/32, with the drive and ability to make a major contribution in developing the accounting systems to control the division. Working directly with the Property Director, there will be considerable exposure to senior executives in the construction industry.

Applications to: R. J. Welsh.

Reginald Welsh & Partners Ltd
ACCOUNTANCY & EXECUTIVE RECRUITMENT CONSULTANTS
123 4 Newgate Street London EC1A 7AA Tel 01 600 8387

FINANCIAL SERVICES GROUP

Marketing and Corporate Finance Executives

We are an internationally known name with an established financial services operation.

We are planning a major expansion of our activities in 1988 and wish to appoint an executive with experience of all aspects of corporate finance work. We also wish to appoint a marketing executive who will work closely with the existing team promoting the sales effort.

Terms of employment are attractive and reflect the importance we attach to the expansion of our Financial Services Group.

Write in complete confidence with full details to:

Box A0694, Financial Times,
10 Cannon Street, London EC4P 4BY

The British Printing & Communication Corporation plc

Divisional Finance Director

London base — **c£30,000 + Bonus + Car**

Our client is a major international group whose principal interests are in publishing, printing and related activities.

They are currently seeking a Finance Director for one of their printing divisions. Working closely with the Divisional Managing Director, a strong commercial contribution will be required. Though the position is based in London, a certain amount of travel, nationally, will also be necessary.

This will be a demanding role and it is considered unlikely that anybody under 35 years of age will possess the presence, maturity and strength of personality considered essential for success. Experience gained in a multi-site environment would also be an advantage.

Promotion prospects in this dynamic and fast-changing group are excellent.

Interested candidates who will be qualified accountants should write, enclosing a comprehensive curriculum vitae and daytime telephone number, quoting ref. 457 to John Cockerill BSc, FCA, Executive Division at 39-41 Parker Street, London WC2B 5LH.

Michael Page Partnership
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham Manchester Leeds Glasgow & Worldwide
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UNITED TECHNOLOGIES

Graduate Accountants

Aged 25-30 — **£28-40,000**
Brussels or Milan — **UK equivalent salary**

United Technologies ranks among the top twenty industrial corporations in the Fortune 500. It is a broad based designer and manufacturer of high-technology products, including Pratt and Whitney aircraft engines, Sikorsky helicopters, Carrier air-conditioning systems and Otis elevators. European operations have expanded rapidly, with over sixty acquisitions and new ventures in the last five years and sales now in excess of US $2 billion.

The European audit department is recognised as a training ground for the senior management of the future. With four promotions from the team of 11 in the last ten months, and further promotions planned, the company can demonstrate an excellent track record of internal advancement. This, and an expansion of the department, lead them to seek other high-calibre individuals.

Assignments are conducted throughout Europe, and provide members of the team with considerable insight into the workings of a major international corporation. Essential *to success in these assignments* is the ability to analyse the operations of a business and present recommendations for improvement to senior management.

These positions represent an excellent opportunity for those seeking a first move out of the accounting profession, or alternatively, a second *move within industry, to obtain* considerable commercial exposure coupled with excellent career prospects in a blue-chip multinational.

Candidates should be graduate accountants, or MBA's, with at least three years' auditing or relevant financial experience. A second European language would be seen as a distinct advantage. The positions are located in Brussels or Milan, with return from assignments to homebase at weekends.

Interested applicants are invited to contact **Stephen Raby** *on* **Brussels (010/322) 648.13.84 at Michael Page International, Avenue Louise 350, Box 3, 1050 Brussels.** *Alternatively, contact* **Tony Seager** *on* **London (01) 8310431 at Michael Page International, 39-41 Parker Street, London WC2B 5LH.** *Please enclose a comprehensive curriculum vitae* with your application, quoting **Ref. B354/FT.**

Michael Page International
Recruitment Consultants
London Amsterdam Brussels New York Paris Sydney
A member of Addison Consultancy Group PLC

CORPORATE FINANCE

Newly/Recently Qualified Accountant

City — ***£19,000-20,000 + Mortgage***

Working within the Mergers and Acquisitions department of this highly successful City subsidiary of a leading international bank, you will take on a wide variety of responsibilities.

Duties will include assisting companies in identifying *acquisitions, analysing and assessing financial and* commercial issues, advising clients on deals and liaising with all other departments within corporate finance.

Candidates must be qualified accountants, but need not have previous exposure to the financial services sector. Outstanding promotion prospects include the opportunity to specialise within mergers and acquisitions, marketing or client support. Contact VIVIENNE SHALL – Ref: 4340

ALDERWICK PEACHELL and PARTNERS
125 High Holborn London WC1. (Financial Recruitment *Consultants) Tel: 01-404 3155*

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ORACLE UK

MANAGER OF CORPORATE ACCOUNTING

£24K + car + bens. + bonus — **Based S W London**

Since its formation in 1984 ORACLE UK has continued to sustain an impressive growth record both in terms of revenue and profit and is currently recognised as the leading international supplier of relational database software.

As part of a major U.S. multinational with operations in over 30 countries the company is now poised to undergo further expansion and consequently seeks to strengthen its U.K. management structure with the appointment of a senior accountant in their offices in S.W. London.

Reporting to the Financial Controller the position will require a thorough knowledge and understanding of complex reporting systems as well as an aptitude for working within a professional but commercial environment.

As a qualified accountant, aged 24-28, you should have already demonstrated a successful track record to date and be capable of working within this demanding yet challenging role.

Prospects within this international company are unrivalled and it is stressed that success in this role will certainly lead to rapid career advancement.

Interested applicants should telephone Charles Austin on 01-488 4114 or write to him, quoting *reference A074, at Mervyn Hughes International Ltd., Management Recruitment Consultants,* 63 Mansell Street, London E1 8AN.

Assistant Manager

Taxation Department

£25K + car + benefits

In supporting and regulating the Lloyd's Market, the Corporation of Lloyd's is the perfect *complement to an organisation that is unique*, both in its flexibility and in the range of its services.

As Assistant Manager in our Taxation Department, you will become an important member of Lloyd's professional tax group, and consequently you must be able to communicate at senior levels.

You will be part of a team, responsible for ensuring that the Corporation and its subsidiary companies continue to comply with all tax obligations and operate in a tax efficient manner, you will also co-ordinate VAT arrangements for both the Corporation and the Lloyd's Market.

Eduacted to degree level, you should be a Chartered Accountant and probably ATII; alternatively you may be considered if you possess customs and excise experience. Some knowledge of Lloyd's would be an additional advantage but is not essential.

In return, we can offer you an excellent salary, plus a company car and an attractive range of benefits which include a mortgage subsidy, non-contributory pension and private and pemanent health insurance, subsidised lunches and season ticket loan.

Please write with full CV (quoting PD S14), to Christopher Hooper, Personnel Department, Lloyd's, London House, 6 London Street, London EC3R 7AB.

LLOYD'S of LONDON

FINANCE DIRECTOR

International Software Company

£40,000 package + car — **North London**

Having established itself as one of the world's leading software companies, our client is *now preparing for further rapid growth.* The UK subsidiary of this group is on target almost to double its revenue this year.

It now needs a Finance Director to take an active role in the general management of the UK business and provide the financial input to future planning and strategy issues.

Candidates should be qualified accountants with sound financial management experience gained in a fast-moving and competitive environment. They should have a strong commercial sense and an *outward-looking approach, but also should* be able to demonstrate a high level of professionalism.

The remuneration package, which includes a performance-related element, will be about £40,000 plus performance related bonus with an executive car.

Please write in confidence, quoting reference C7587/L with CV and full career details to Jane Woodward.

KPMG Peat Marwick McLintock
Executive Selection and Search
9 Creed Lane, London EC4V 5BR

HEAD OF FINANCIAL CONTROL

City — **c. £37k + car/package**

Our client is a well-established, prestigious financial institution employing about 1,700 staff, providing high class *banking and financial services.*

As Head of Financial Control, reporting direct to the Managing Director, the appointed candidate will be fully accountable for directing the further strategic development of the financial function with a staff of 20.

Key tasks include managing and developing the day-to-day computerised finance and accounting procedures, providing all necessary financial information for management and external statutory bodies, ensuring compliance with the requirements of the Financial Services Act, asset and liability management, as well as playing a major role in planning the strategic development of the business.

Candidates, ideally aged 38-43, must be chartered accountants, demonstrating considerable line management experience and expertise at a senior level within a major *commercial organisation, preferably within a banking or financial* services environment.

Strong proactive, negotiating and inter-personal skills are required, as is the personal stature necessary to fulfil the demands of this important appointment.

Please apply with full career details to:–

Stephen Mawditt,
Managing Director,
Senior Management International.

SEARCH & SELECTION DIVISION **InterExec SMI**
Human Resource Management Consultants
Landseer House 19 Charing Cross Road, London WC2H 0ES

CARDIFF BAY

◆ Development Corporation ◆

Make Cardiff the world's brightest maritime city

Director of Finance and Administration

A Major Opportunity in Urban Regeneration

negotiable to £28,000

The newly created Cardiff Bay Development Corporation has one objective: to regenerate the 2,700 acres of Cardiff Bay in order that Wales' capital city is placed firmly on the international map.

This key appointment is vital to the success of the Corporation and a high calibre professional is sought who will formulate and implement plans and strategies, proactively helping to achieve the stated objectives.

Task one is to establish effective financial controls, performance criteria and a management information system; responsible for a nine-figure investment budget, you will advise the Board on all financial matters and will promote "value for money" in all the Authority's dealings. Your wide ranging brief also carries responsibility for working alongside the Commercial Director to attract significant private sector investment. Additional involvement with personnel and administration functions is implicit.

An astute and highly qualified accountant, you will currently occupy a senior financial management position; you must display considerable financial acumen, commensurate with several years in an environment of similar dimensions. Familiarity with public sector finance is essential and may well be complemented by private sector experience.

The benefits package is currently being negotiated and it is anticipated that the appointment will be made on the basis of a renewable 5-year fixed term contract.

To apply, please telephone for an application form or send your cv quoting ref: 1725/PB/FT to Peter Bedford at the address below.

PA Personnel Services

Executive Search · Selection · Psychometrics · Remuneration & Personnel Consultancy

St Brandon's House, 29 Great George Street, Bristol BS1 5QT.
Tel: 0272 298204

Company Secretary

Financial services sector

Leeds — **c £20,000**

Our client, a rapidly expanding specialist company within the financial services sector, owes its success to the creative use of information, advanced DP capability and the highest standards of client service.

Reporting to the Chief Executive and as part of the senior management team, you will be responsible for the provision of a complete company secretarial and administrative service. Key tasks include statutory returns, insurance, property and legal issues, servicing meetings and generally contributing to the overall management of the business.

Probably aged 35-45 years and ICSA qualified, you must have at least five years' company secretarial experience preferably gained in a professional or financial services environment. Ability and ambition to make a significant personal contribution to the company's overall business development are important.

The remuneration package is flexible and for discussion, and includes a range of benefits tailored to suit individual preferences. Assistance with relocation where appropriate.

Please write – in confidence – with full details. Peter Roberts, ref. B.63216.

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Reporting to the Director of Financial Services, you will be responsible for ensuring that systems meet the needs of the finance function. Working closely with the Publishing Divisions and computer services, you will assist in introducing new facilities onto the current system to pave the way for the future and will be a key member of the project team to define, select and implement the next generation of systems.

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Résumés, including a daytime telephone number, to Janice Walden, Ref. JW 797.

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Candidates will desirably be professionally qualified graduates, but a progressive career in industrial environments where product costing experience has developed real commercial awareness is the essential profile sought. The appointment offers both the opportunity to make a significant contribution to the conduct and future direction of a business and career development opportunities within a very successful group.

Please send full career details, in confidence, quoting reference S7536/L to Mike Blanckenhagen.

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This is an excellent career opportunity for a young qualified accountant with at least two years' post qualifying experience. Aged 28-33, you will have either reached manager level within the profession, or hold a financial accounting position in the banking sector.

There is an exceptional remuneration package and prospects for promotion are excellent.

Interested candidates should write, enclosing a comprehensive C.V. and daytime telephone number quoting ref: 458 to **Philip Rice MA, ACMA, Executive Division, Michael Page Partnership, 39-41 Parker Street, London WC2B 5LH.**

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Starting salary is up to £22,000, depending on experience, together with those benefits expected of a successful organisation.

Please write, with full cv, to
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The Group, which employs around 200 people, is enjoying sustained organic growth; selective acquisitions and high investment are designed to ensure continued profitable expansion.

Applicants should have trained with a major practice, have post qualification experience in a large industrial/commercial company and be able to offer stature, maturity and good communication skills.

To further your interest in this exceptional opportunity, please write briefly enclosing a comprehensive CV or telephone for a personal history form to J. Constable, quoting ref: 4975.

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Fluency in Arabic and English is required.

We offer an outstanding compensation package including annual incentive package, compound living, medical coverage, car, etc.

PLEASE SEND RESUME TO:
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Financial Executive – Acquisitions

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Working closely with the Chief Executive the person appointed will be responsible for investigations, appraisals, recommendations and negotiations with potential acquisitions. Success in this job could lead to a Board appointment as Financial Director when the present incumbent retires.

Candidates should be Chartered Accountants in their early thirties within manufacturing industries. Investigation and acquisition experience is essential and this must have been on the international scene with emphasis on North America and Europe.

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Please send career details – in confidence – to A. D. Percival.

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Reporting directly to the Finance Director, you will be responsible for the administration and management of the General Accounting, Accounts Payable, Cost Accounting and Payroll functions. Appropriately qualified, you must have considerable accounting experience and a flexible attitude to work. The position is offered on batchelor status with excellent terms and conditions.

Please write with full career details quoting reference 5Y to: Webb Whitley Associates Ltd., International Recruitment Consultants, 8 Quarry Street, Guildford, Surrey GU1 3UY. Tel: (0483) 575759.

Lockheed

INTERNATIONAL OPERATIONAL REVIEW

London Based — Age 22–28

Our client is one of the world's major diversified consumer product Groups with a worldwide turnover of cUS $3 Billion and substantial manufacturing and marketing operations in the UK and Continental Europe.
As a result of internal promotions into line management they now seek to recruit young business orientated individuals.

They offer:

- **Experience and training in operational areas such as production marketing & computer-based systems.**
- **High visibility with general management throughout Europe.**
- **A policy of promoting from the department into line management.**
- **A competitive remuneration and benefits package, including relocation assistance if required.**

They require:

- **A recognised accountancy or business qualification.**
- **First class oral and written communication skills.**
- **An innovative and analytical approach to problem solving.**
- **Knowledge of a European foreign language.**
- **A desire to travel as up to 50% of your time will be spent overseas.**
- **Excellent interpersonal skills and the ability to work in a team.**

Due to internally generated growth these positions represent a first class opportunity for candidates from either a professional or commercial background. Your commitment and potential together with their training and management development programmes will lead to a high profile career within the group.

Interested applicants should contact Simon Hewitt on 01-488 4114 or write enclosing a comprehensive C.V. quoting reference *A075* to *Mervyn Hughes International Ltd., Management Recruitment Consultants,* 63 Mansell Street, London E1 8AN.

Financial Controller

Watford — c.£24k + car

An exciting challenge has arisen for the right individual to join and develop with a strong, successful management team.

Our client is a rapidly expanding provider of a comprehensive range of computer services to a variety of business sectors. Since its formation in 1977 the company turnover and the number of people employed have grown according to plan. The Directors' projections for the medium term confirm continued impressive growth. They wish to enhance management at senior level by the introduction of an experienced Financial Controller. The present team is 46 strong and increasing.

If you:—

- **are a self-motivated communicator**
- **are a Chartered Accountant with at least 2-3 years' post qualification experience in financial control**
- **are familiar with computerised management information and spreadsheet software**
- **can design and implement financial and management control systems**
- **will take line responsibility for the direction and motivation of a small staff**
- **are a robust team player**
- **can hold your own with committed professionals from other disciplines**
- **want to be involved in the development of a successful business**

Then you could be the right person for this career opportunity.

The company has recently expanded its prestigious, modern accommodation in the heart of the commercial area of Watford.

The package offered, including a company car, is consistent with a senior management post reporting to the Managing Director in a vigorous, growing business. CVs to be sent in the first instance to Mandy Davies.

ROBSON RHODES

Chartered Accountants

Management Consultancy Division

186, City Road, London, EC1V 2NU.

Shandwick

GROUP FINANCIAL CONTROLLER

Central London

ACA's 30+ — circa £35,000 + car

Shandwick plc, the world's largest independent public relations consultancy, is seeking to recruit a Group Financial Controller. Reporting to the Finance Director, the role will include responsibility for the preparation of consolidated group financial and management accounts, preparation of group budgets plus actual/budget analysis and remedial action, group taxation, development of computerised systems, computer modelling and liaison with auditors and advisors.

Candidates (male or female) should already be at Financial Controller level, preferably in a medium/large service industry sector company or group, although candidates from manufacturing industry will be considered. Candidates should have experience of the above areas of expertise, and also have experience of an international environment.

If you wish to be considered, please send your CV to **George Ormrod BA (Oxon)** or **Stephen Hackett BA (Oxon)** at our London address, quoting **reference no. 8078.**

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FINANCIAL CONTROLLER

STAFFORDSHIRE — c£30,000 + car

Alton Towers Ltd operate the largest leisure complex and theme park in the UK and are developing a large family entertainment complex at Battersea.

Reporting to the Group Financial Director, the Financial Controller will be responsible for the day to day control of the group finances including monthly management accounts, cash forecasting and capital expenditure budgets. The position also involves monitoring performance reports from operating divisions, liaison with the company's bankers and the continual development of financial control systems.

Applications are invited from qualified accountants aged 32-40 with the personality to contribute to the commercial development of the company. Ideally candidates will have some knowledge of computerised modelling techniques.

Please send a comprehensive career résumé including salary history and *daytime, telephone number,* quoting ref: 2848 to Terry Dennis, Executive Selection Division.

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Telephone: 061-228 3456.

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C&L

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It is seeking a small number of very fast track business executives to join its cadre of high potential young managers. Initial appointments will be financially orientated positions carrying substantial managerial responsibility.

You will be an outstanding commercial manager and an accountant with a good degree. You will have received comprehensive training and development in a professionally managed organisation and have had significant management accounting experience. Most important will be a record of real achievement and the personal qualities necessary to succeed at senior levels in a highly challenging environment.

The terms and conditions of these appointments are excellent and include a starting salary up to £30,000 plus a company car and other usual large company benefits.

The initial appointments are in a variety of locations, some in and around London, and appropriate relocation arrangements will be available where necessary.

If you believe that you can demonstrate the potential to meet this challenge *and ultimately rise to the top levels of a major international group then* please submit a full CV to Gregory T M Hinds, Ref. GHF749.

Coopers & Lybrand Executive Selection

Coopers & Lybrand
Executive Selection Limited
Shelley House 3 Noble Street
London EC2V 7DQ
01-606 1975

Dewey Warren Holdings plc

GROUP FINANCE DIRECTOR
SENIOR INVESTMENT MANAGER
TWO MARKET ANALYSTS

the company Dewey Warren Holdings plc is a Group planning expansion and intending to become a diversified and broadly-based financial. services company. The Group is well placed to achieve its objective, having recently increased its capital base. It has now embarked upon an important acquisition programme to further its business and client base.

the positions The Group now wishes to appoint a Group Finance Director, a Senior Investment Manager and two Market Analysts as part of that expansion programme.

finance director *Successful candidates will need to be qualified and to* demonstrate substantial experience and success in the areas of acquisition, development and management. They will probably already be a Finance Director with a company operating in the broad financial services sector. The Finance Director will be involved in all aspects of the Group's growth and must be prepared to participate fully in planned major developments, both in the UK and overseas.

senior investment manager The Investment Manager will control the portfolio of investments and be responsible for the generation and *administration of new investment opportunities. Candidates must* have a proven track record and wish to work in a demanding environment.

market analysts The Market Analysts are required having experience respectively in financial services and insurance. They will provide rapid and effective analysis for both investment and acquisition purposes. Demonstrated success is required, together with a high standard of written and oral presentation and a flexible approach. *Age 25-40.* Would particularly suit ambitious professionals with good experience who are seeking to broaden scope of their activities.

applications Please write with a Curriculum Vitae, marking the envelope "Private and Personal" to:

Mr P. A. Long, Deputy Chairman
Dewey Warren Holdings plc
10 St Mary at Hill, London EC3R 8EE

Dewey Warren

High Flying Accountants

Surrey — c. £24,000

A major international group offers ambitious young accountants the opportunity to join a dynamic team based in prestige offices in Surrey. The job provides:—

- challenging assignments in operational, and computer auditing in the UK, Europe, Africa and US.
- a substantial training and development programme in a department that uses the most modern computer techniques available.

Interested candidates who are in the age range 28-35 must be:

- Qualified accountants with good audit experience gained in a practising office or internal audit department.
- Conversant in a European language, *preferably Italian,* Norwegian, German or Dutch.
- Self motivated, team orientated and sociable.

The company offers above average rewards. In addition to a salary negotiable around £24,000, you will be flown home every weekend from the North European locations and every second weekend from the Southern European locations. Ongoing career prospects are excellent.

Write in confidence to John Gregory, John Courtis & Partners, 855 Silbury Boulevard, Central Milton Keynes MK9 2ND, demonstrating clearly how you meet out clients requirements quoting 5154/FT. Both men and women may apply.

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London, Milton Keynes, Northwich

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Connaught

Financial Controller

£20,000+ — Watford

A young, dynamic organisation involved in the design, manufacturing and marketing of fashion accessories to prestigious high street retailers with an expected 1987 turnover of £2 million is experiencing explosive growth. They have decided to improve management accounting and reporting which may require installation of a computerised accounting system. A Financial Controller is required to develop systems, to oversee computer implementation and to control the firm's financial affairs.

He/She should be a young qualified Accountant with good computer experience, and will play a pivotal role in the company, reporting directly to the two Principals. As this is a small but rapidly expanding company, flexibility and willingness to undertake a wide variety of duties, and experience of, or an interest in, working for a manufacturing company would be distinct advantages. A sound, commercial approach is considered important.

This is an exciting opportunity to develop with a company which is looking to a stock exchange listing. There is scope for a dedicated financial controller to develop his/her career in-line with these plans.

Applications, giving full personal and career details, should be submitted, *quoting* reference SHA.1024 to *Roger Hughes at Stoy Hayward* Associates, Management Consultants, Executive Recruitment Division, 8 Baker Street, London W1M 1DA.

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VENTURE CAPITAL

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One of the UK's leading venture capital houses will shortly be setting up an Issuing House operation.

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A secondary role will be involvement in the realizations of investments in funds managed by the venture capital parent, either through flotation or sale to third parties.

This interesting and varied position ideally calls for a qualified accountant or corporate lawyer with experience of new issues in merchant banking, stockbroking or other investment institution. In addition to the opportunity to play a significant role in this new operation, the successful candidate will have every scope to develop a career within the broader venture capital business, including advising companies on acquisition or realization strategy.

Salary negotiable at around £40,000 plus substantial benefits. Success in this new venture will lead to promotion in an expanding organization.

For an informal discussion, telephone Peter Wallum on 09328 63213 or 67257 or write with full career details to him at Strategic People Recruitment, The Range, Dockett Eddy Lane, Shepperton, Middlesex TW17 9NT.

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International Appointments

SECTION II – COMPANIES AND MARKETS

FINANCIAL TIMES

Thursday October 15 1987

Chemical New York hit by $66m quarterly loss

BY ANATOLE KALETSKY IN NEW YORK

CHEMICAL NEW YORK, the fourth largest US banking group which includes Chemical Bank and Texas Commerce Bancshares, lost $66.4m or $1.12 a share after tax in the third-quarter.

The loss, which compared with a net profit of $99.1m or $1.87 a share a year earlier, resulted mainly from a charge of $135m associated with the restructuring and staff cuts at Chemical Bank announced in September.

The holding company's loss also included a $13.5m third-quarter net deficit from Texas Commerce, the leading bank in Houston, which Chemical acquired in May this year.

The troubled Texas bank was not included in the 10 per cent staff cutbacks and consolidation of operations announced by Chemical, because it was already operating "under a strict austerity programme," the parent company said.

Apart from special charges, Chemical's results were adversely affected by higher non-interest expenses – which were up 18 per cent on an underlying basis – and gains from the sale of investment securities which were $47.1m lower than in the previous year.

Against this the bank had 23 per cent better profits from its foreign exchange operations, 28 per cent higher fee income from its "core" trust and banking services and provisions for loan losses which were $17m smaller than in the year-earlier period.

For the first nine months of 1986, Chemical lost a total of $1.083bn or $20.68 a share, after taking a $1.1bn charge for Third World loan losses in the second-quarter.

The total loss at the Texas Commerce subsidiary since the May 1 merger date has been $93.1m, including a provision of $80m for LDC loans.

● Bank of New York, the medium-sized Wall Street bank which is attempting to take over Irving Bank, one of its closest rivals, earned $45.2m or $1.22 a share in the third-quarter, 18 per cent up on the $37.9m or $1.12 reported last year.

The gain was due to growth of around 30 per cent in both fee income and loans outstanding. The bank also reaffirmed its commitment to pursue the takeover, which is being contested by Irving.

Colgate to take $150m charge

By James Buchan in New York

COLGATE-PALMOLIVE, the US household products group which is restructuring its businesses, yesterday said it would take a $150m charge to its earnings in the quarter just ended to account for cutbacks in its corporate staff and the closure of manufacturing plants.

Colgate said the charge, amounting to $211m before tax and $2.20 a share, would wipe out earnings for the third-quarter ended September. In the 1986 September quarter, the group reported $48.05m or 68 cents a share in net income.

But Colgate, which has impressed Wall Street with the vigour of its restructuring since Mr Reuben Mark took over as chief executive in 1984, said it would partly offset the loss with a gain from the $200m sale of a bandage-making subsidiary. The gain will be booked in the fourth-quarter.

"Over the past three years, we have been working to reduce costs and accelerate new products programmes," Mr Mark said yesterday, "Maintaining this momentum is vital".

Mr Mark said Colgate would cut 600 jobs as part of a reorganisation of its corporate headquarters, its US operations and the staff at Kendall, the health care subsidiary which has been hurt by lower hospital spending.

The purpose is support a "decentralised and more entrepreneurial management style".

In manufacturing, Colgate will redesign or relocate some 30 plants worldwide and six will be closed. The expense of closure and relocation will be partly offset by the sale of Kendall's fibre products division, which makes bandages and other non-woven fabrics, to International Paper, the large pulp and paper group.

Colgate will also book a gain from selling out of a Kendall joint venture in West Germany.

Records division gives sharp boost to CBS

BY OUR NEW YORK STAFF

CBS, the rapidly restructuring US media group which is considering an offer of some $2bn for its record business from Sony of Japan, yesterday reported sharply higher profits, with CBS Records contributing most of the gain.

The strong performance of the records division may strengthen the apparent consensus in the CBS boardroom against accepting Sony's bid.

CBS earned $59.9m or $2.31 a share after tax in the third quarter, more than double the net profits of $28.6m or $1.09 last year.

The underlying improvement in the company's businesses was even greater, since nearly half of last year's profit came from discontinued operations, particularly the publishing and magazine divisions which CBS has now sold for a total of nearly $1.2bn.

Net income from continuing operations was $58.7m or $2.26 a share in the latest quarter, compared with the $11.3m or 34 cents reported the year before.

In the last nine months, net income from continuing operations has been $196.4m or $7.66 a share, 31 per cent up on the $149.9m or $5.97 which the same business earned a year earlier.

However, Mr Laurence Tisch, president, pointed out that the strong increase was "due mainly to the growth of CBS Record profits and to a substantial reduction in interest expense."

Mr Tisch, who is the largest shareholder in CBS through his family-controlled Loews Corporation, is said to oppose the Sony bid for CBS Rocords, favouring a partial flotation of the business as an independent company.

CBS's broadcast group, which accounted for 55 per cent of the $984m revenues in the third quarter, showed an 18 per cent decline in operating profits to $39.4m. In contrast the Records group, which had revenues of $414m, more than doubled its quarterly operating profits from $19.2m to $42.4m.

In the first nine months of the year, profits from the records business advanced from $100.6m to $141m, boosted by sales of compact disks and the unprecedented success of Michael Jackson hits.

Meanwhile, the Broadcast Group suffered a 25 per cent profits decline from $233.8m to $215.2m.

LSI Logic net income highest in two years

By Louise Kehoe in San Francisco

LSI LOGIC, the US semi-custom chip manufacturer, has announced record revenues for the third-quarter and recorded its highest level of net income in nearly two years.

The company is currently riding the crest of a resurgence in the semiconductor industry and high growth in the market for its computer-customised chips.

Revenues in the third-quarter ended September 27 were $68.9m, up 48 per cent from $46.5m in the same quarter a year ago. Net income was $3.2m, or 8 cents a share, compared with a net loss of $1.3m in the same period last year.

Mr Wilfred Corrigan, chairman and chief executive said: "LSI Logic showed a sharp turnaround in profitability as a result of a large increase in revenues, a better mix of more profitable business, and a substantial reduction in operating costs as a percentage of revenues during the third-quarter. The company expects these trends will continue."

● Seagate Technology of Scotts Valley, California, a major supplier of "hard" disk drives to the personal computer industry, reported a 40 per cent drop in earnings for its first fiscal quarter ended September 30.

The company blamed severe price competition, declining market share, and a faster than expected industry switch from established products to new 3.5 inch drives.

In April IBM announced new personal computers with 3.5 inch drives, setting an industry trend.

Net sales for the quarter were $226m, up 19.6 per cent on the $189m reported for the same quarter last year. Net income for the quarter was $14.8m, or 30 cents a share, down from $24.5m or 50 cents a share a year ago.

Output at Gencor mines suffers after 3-week work stoppage

BY JIM JONES IN JOHANNESBURG

EFFECTS of the three-week stoppage by black miners in August varied considerably on the mines managed by Gencor, the first of the South African mining groups to report September-quarter results for strike-hit mines.

Most of the mines managed to maintain gold recovery grades by milling ore from surface stockpiles, but they suffered drops in the tonnages of ore processed.

On production Kinross was the worst affected of the group's mines. Its black workforce is particularly militant following one of the country's most severe mine disasters, and this year's wage strike cut mill throughput by more than 20 per cent to 426,000 tonnes in the September quarter from 535,500 tonnes in the June quarter.

The gold recovery grade dropped to 5.9 grams per tonne from 6.1 g/t.

Neighbouring Winkelhaak suffered a 14.4 per cent cut in mill throughput but maintained its recovery grade at 5.4 g/t. Lower throughputs led to some substantial percentage increases in the unit costs of mining and processing each tonne of ore even though the strikers were not paid for three weeks.

Black miners' wage increases have added about 5 per cent to total operating costs and the increases given to white workers have added a slightly lower percentage.

The group as a whole suffered a 17 per cent decline in after-tax income to R128.7m ($62.3m). Gold production fell by 8.7 per cent to 21,832 kg from 23,730 kg.

Paradoxically Buffelsfontein, the largest of the Gencor group's mines, increased its production rate to 723,000 tonnes in the September quarter from 678,000 tonnes in the June quarter.

The mine has been affected by ore shortages after failing to find expected reserves in the newly-opened Lucas Block. It is now recovering from that following several quarters of increased development to open new mining areas.

An explosion at St Helena's new shaft has delayed shaft development by about eight months.

PepsiCo on way to another record year with $2.9bn sales

BY OUR FINANCIAL STAFF

PEPSICO, the world's second largest soft drinks producer, is well on the way to another record year – despite a slackening in profits growth.

Net earnings for the third quarter increased 25 per cent from $151.7m, or 58 cents a share, to $189.9m, or 72 cents, on sales up 26.7 per cent from $2.32bn to $2.94bn.

This brings net earnings at the nine-month stage to $447.8m, or $1.70 a share, an increase of 31 per cent on last year's corresponding $341.2m, or $1.31. Nine-month sales improved 31.9 per cent, to $8.02bn from $6.08bn.

The latest figures include losses from discontinued operations of nil against $1.1m in the quarter and $1.3m against $3.6m in the nine months. The latest nine-month returns also include a loss of $11.5m on the disposal of discontinued operations.

PepsiCo said it expected earnings per share for the full year from continuing operations to be up more than 25 per cent. The company posted operating income of $1.22bn, or $1.75 a share, on continuing operations in 1986.

The directors said the current increase was due to strong operating gains in each of its three business segments.

Soft-drink earnings rose 16 per cent on a 9 per cent sales increase, reflecting a significant improvement in operating margins in foreign operations and higher domestic profits, the company said.

US bottler case sales continued to post solid gains, because of ongoing strength in brand sales and double-digit growth in Diet Pepsi and Mountain Dew, PepsiCo said.

The company also cited a 23 per cent growth in snack food earnings and a 73 per cent growth in restaurant earnings.

SNCF to sell Air Inter stake

BY GEORGE GRAHAM IN PARIS

SNCF, the French national railway company, has agreed to sell its 11.6 per cent stake in Air Inter, the domestic airline, to Air France, which already holds about 25 per cent of the company.

The sale reinforces the dominant position of Air France – the country's flagship carrier on international routes – in the capital of the domestic airline.

It has recently come under attack from UTA, the private sector French airline specialising in Africa and the Pacific, which has been buying up Air Inter shares and has raised its stake to about 28 per cent.

UTA, which is controlled by the Chargeurs group of Mr Jerome Seydoux, launched the stock market assault in retaliation against the French Government's refusal to allow it to start flying to Newark, New Jersey, in the US.

Air Inter has been expanding traffic on its domestic services but has been keen to expand into Europe.

Mr Pierre Eelsen, company chairman, said recently that he viewed the state-controlled Air France – which already serves Europe – as a more natural partner than UTA.

The sale of the 11.5 per cent Air Inter stake has to be approved by the SNCF board next week and then by the French Transport Ministry.

INI to place 39% of cellulose unit

By Tom Burns in Madrid

INSTITUTO NACIONAL de Industria (INI), Spain's public-sector holding company, is to place 39 per cent of the equity of Ence, its profitable cellulose company, on the Madrid stock exchange during the first two weeks of January.

The Ence share offering follows a successful stock-market operation last year involving Gesa, a state-owned energy company in the Balearic islands, which was heavily-oversubscribed. It brought in 54,000 new shareholders and reduced INI's stake in Gesa from 94 to 56 per cent.

The decision to float part of Ence's equity, which will bring INI's equity in the company down to 54 per cent, is part of a general step-by-step strategy to reproduce the success of the Gesa flotation in selected INI companies.

Ence produces some 500,000 tonnes of cellulose paste annually at its plants in Huelva, southern Spain, and in Pontevedra in the north-west. It exports about 60 per cent of its output.

Executives said they expected to raise Ence's income this year from Pta32.5bn ($271m) last year to Pta39.7bn and to earn pretax profits of some Pta6bn.

INI's share offerings in selected companies falls short of a privatisation programme, as the state holding company will, according to the present strategy, in all cases retain control of the companies.

The main guideline of the equity programme is to introduce what INI executives call "market discipline" into the public companies.

Among the INI companies short-listed to follow the Gesa and Ence path are Iberia Airlines, which has announced a strong return to profitability, and Endesa, an electrical utility which is the public holding's chief profit earner.

BP offer price forecast falls

BY RICHARD TOMKINS IN LONDON

THE DOWNTURN on the London and New York stock markets yesterday has sharply lowered forecasts of the price to be set on the British Petroleum share offering today.

The most likely figure now appears to be 330p a share, some 10p to 15p less than had been predicted earlier this week. At that price, the value of the offering would be £7.2bn ($11.6bn).

BP's existing shares closed 11p down at 351p yesterday as London prices fell after the poor opening on Wall Street. The FT-SE 100 index ended the day 27.3 points down at 2,322.9.

With the market expecting the new shares to be offered at a 5 per cent discount to the existing stock, 330p would represent the nearest rounded-down figure. The exact price will be announced to the London stock market at the start of dealings today.

Some 2.19bn shares are to be offered for sale in what will be the biggest share offering Britain has yet seen. Of these, 458.6m are new shares being issued to raise £1.5bn for BP, and the rest represent the sale of the Government's remaining 31.5 per cent stake in the company.

Half the shares will be offered to the UK public at the price being announced today, and the other half will be sold through an international offer in which institutional investors in Britain and overseas will be invited to tender at the fixed price or above.

AMR result fails to reflect sales rise

BY OUR NEW YORK STAFF

AMR, parent of American Airlines, yesterday revealed that its strong growth in revenues is still not working through to profit with a sharp fall in third-quarter earnings to $87.1m or $1.41 a share.

AMR, which operates the second largest US airline, described results in the September quarter as "disappointing". It showed a 27.7 per cent increase in revenues to $1.98bn but a 28 per cent drop in net income.

In the nine months to September, AMR reported earnings of $199.2m or $3.30 a share as against $272.6m or $4.47 a share in the first three quarters of 1986. Revenues were $5.3bn against $4.5bn.

American has been expanding its network aggressively but has run into heavy interest and other costs and has had difficulty sustaining fare increases.

Mr Robert Crandall, chairman and chief executive, said, "We are disappointed with our third-quarter financial results. We must and will lower costs further in the months ahead."

Midland Bank sets up life company venture

BY ERIC SHORT IN LONDON

MIDLAND BANK of the UK has become the latest of the country's clearing banks to set up a life company by linking with a leading British insurance group, Commercial Union Assurance.

The move will enable Midland to offer customers a complete range of own-brand financial and investment contracts.

Development costs of the new company, yet to be named, will be between £10m and £20m ($16m and $32m), with Midland holding 65 per cent of the equity and Commercial Union 35 per cent.

The formation of a life company was an inevitable result of Midland's decision to become a company representative under recent financial services legislation.

The bank already has its own unit trust company and it wants to sell its own life and pension contracts rather than those of another company. The bank had to have its life company operating by next April, when the relevant part of the legislation comes into effect.

Barclays Bank and Lloyds Bank, which have also decided to be company representatives, already have their own established life companies.

Mr Peter Axten, Midland's personal financial services director, said the bank had decided against buying a life company because the prices were too high.

Midland decided to link up with an established life company rather than build its own team because the time pressure meant it needed the administrative expertise quickly.

Midland has further confounded expectations by having an equity link rather than owning the new company completely and hiring CU as managers on a fee basis.

However, it will be a Midland company, with the bank handling marketing, underwriting and investments through its Midland Montagu investment arm. CU, which will handle the administration, will be involved in, but not originate, the type of contracts to be marketed.

Mr Axten intends the new company to be operative by April at the latest. It will be solely a unit-linked life company. Its first products will be concentrated on mortgage-related contracts – an area where the bank is active. The move will also enable Midland to offer a range of personal pension contracts from next July when this aspect of proposed pensions changes comes into being.

First public equity offer for Omni Holding

By John Wicks in Zurich

OMNI HOLDING, the Zurich-based holding company of Mr Werner Rey, the Swiss financier, is to make its first public equity offering.

The company is to increase its share capital from SFr426m to SFr525m ($350m) by the issue of 198,000 bearer shares of SFr500 nominal value.

These will be open for subscription from November 4-6, with conditions to be announced before then.

Minority shareholders and participation certificate holders in Ateliers de Constructions Mecaniques de Vevey (ACMV), the engineering concern, and Inspectorate International, the services company, will be granted special drawing rights.

These rights will entitle holders of 10 bearer shares, or 50 participation certificates, of Inspectorate or 20 bearer shares, or 100 registered shares, of ACMV to subscribe to one new Omni Holding share. Part of the issue will take the form of an international placement.

After the issue transaction, led by Swiss Bank Corporation International, of London, and Swiss Cantobank (International), of Zug, Omni Holding capital will consist of 1m registered and 850,000 bearer shares.

Omni Holding owns 60 per cent of ACMV, 58 per cent of Inspectorate International - a leading company in quality control - and 40 per cent of Swiss Cantobank (International), as well as smaller participations in manufacturing, services, finance, communications and real estate businesses.

●Zurich Insurance expects "another good year," according to a letter to shareholders.

Profits are said to have "developed well" in spite of increasing competition, largely due to better results in North America and reinsurance.

Board approves Mediobanca privatisation

By Alan Friedman in Milan

THE BOARD of directors of IRI, the Italian state holding concern which controls Mediobanca, the Milan merchant bank, has given its approval for the privatisation of the bank.

The privatisation, which marks the first time the Italian Government has surrendered majority control of a company through the sale of shares on the stock market, will see IRI lowering its holding from 56.9 per cent to 20 per cent.

The deal is expected to raise at least L1,500bn ($1.14bn) and possibly as much as L1,900bn. The shares will be sold by three IRI state banks which control Mediobanca.

About 23.5 per cent of Mediobanca shares will be sold to Italian and foreign investors by means of a public offer on the Milan bourse.

A further 12.5 per cent tranche will be sold to a group of 17 private industrialists, including Mr Carlo De Benedetti of Olivetti and Mr Raul Gardini of Ferruzzi. The latter sale will raise the shareholding of a group of privileged institutional investors to 20 per cent.

The moves will give a 20 per cent stake each to the private institutions and to the three IRI state banks and will constitute a "nucleus" of permanent shareholders with equal decision-making power.

The remaining 60 per cent of Mediobanca shares will be in the hands of the public.

The project now goes to the Minister of State Industry for final approval.

Hafnia

HAFNIA expects profits before tax for 1987 to show an increase on the DKr264m of 1986. An article in Tuesday's newspaper wrongly suggested that the company's operating profits for this year would rise to DKr135m.

SCA plans share offer to finance acquisitions

BY SARA WEBB IN STOCKHOLM

SVENSKA CELLULOSA (SCA), one of the leading Swedish forest products groups, plans to make a share offering to raise up to SKr1bn ($156m) at home and abroad to finance acquisitions in the packaging and hygiene products field.

SCA reported a 37 per cent increase, at SKr1.18bn, in group profits (before extraordinary items, appropriations and taxes) for the first eight months while group sales rose by 5 per cent, to SKr10.05bn.

The increase is due mainly to the forest and paper products industry operations which showed an increase in profits of 76 per cent, at SKr774m, on sales of SKr4.37bn.

SCA is planning to raise the SKr1bn for further acquisitions in two stages.

Shareholders of capital stock will be offered one new restricted share for every 20 held, at SKr200 per share. This is expected to raise up to SKr500m and will pave the way for the issue of further unrestricted shares, which are open to foreign investors.

In the second stage, there will be an offering of up to 1.8m unrestricted shares in the US. Current shareholders will not receive preferential rights.

SCA is keen to have its shares more actively traded abroad and says there is further potential to create more unrestricted shares in future.

The issue will help its expansion in the hygiene and packaging sectors, primarily in Western Europe. SCA believes that the potential for growth in Sweden and other Nordic countries is "limited."

Pulp prices help boost MoDo

BY KEVIN DONE, NORDIC CORRESPONDENT, IN STOCKHOLM

MODO, the Swedish forest products group, more than tripled its profits (before extraordinary items, allocations and tax) in the first eight months, to SKr624m ($97.8m) from SKr200m in the corresponding period last year.

The group has benefited from a big increase in pulp prices, which boosted pulp division operating profits to SKr268m from a SKr113m loss in the first eight months last year.

Iggesund, the Swedish board producer and 48.6 per cent owned MoDo affiliate, increased its profits (after financial items) by 28 per cent to SKr231m, from SKr181m. Iggesund sales were virtually unchanged at SKr1.62bn.

MoDo is one of Scandinavia's leading producers of market pulp and its profitability is still highly exposed to fluctuations in world pulp prices, in spite of big investments in fine-paper production.

Its pulp mills have been working this year at full capacity with a 16 per cent increase in sales volumes. MoDo said it expected continuing strong demand in the final four months, with further price increases effective from the beginning of October.

Operating profits of the fine-paper division weakened to SKr186m from SKr220m a year earlier, partly as a result of continuing overcapacity for uncoated fine-paper.

Production has been reduced during the year and the company warned that further production cuts could be necessary toward the end of the year.

MoDo group sales increased by 6.7 per cent to SKr4.93bn, from SKr4.63bn last year.

The company said profits in the final four months would develop more slowly than in the first eight months, partly because of the financial costs of its recent purchase of a 30.6 per cent voting stake in Holmen, the rival Swedish forest products group.

MoDo sold its tissue division to Holmen, with effect from September, which will reduce MoDo group sales by SKr1.3bn and its workforce by 1,500 on an annual basis.

Sharp rise for Kymmene despite lower turnover

BY OLLI VIRTANEN IN HELSINKI

KYMMENE, the Finnish forest industry group whose interests include Caledonian Paper in Scotland, virtually doubled profits before appropriations and taxes to FM540m ($123m) in the first eight months of 1987.

However, group turnover dropped by 15 per cent to FM4.36bn due to the sale of Stromberg, the power technology subsidiary, to Asea of Sweden.

Turnover of the forest industry operations grew by 6 per cent, the result of strong demand on world markets which boosted capacity utilisation.

Kymmene also reports improved productivity and lower financing outlays. Net financing costs came down by FM150m to FM187m, in spite of a big investment programme currently under way.

The group will invest a total of FM3bn in 1987-89, of which FM1.4bn is earmarked for this year. The LWC paper plant under construction in Irvine, Scotland, will be largely financed with a FM1bn leasing agreement.

Kymmene produced 1.07m tonnes of paper and paper board during the eight months, up 8 per cent from the same period in 1986. Pulp production rose 5 per cent, to 478,000 tonnes, while sawn goods totalled 343,000 cu m, up 36 per cent.

Norwegian telecoms group lifts earnings

By Karen Fossli in Oslo

EB CORPORATION, the Norwegian electrical engineering and telecommunications group, has increased its turnover by NKr2.1bn to NKr3.9bn ($586m) in the first eight months of 1987, compared with NKr1.8bn in the same period last year.

Earnings, before extraordinary items, for the group reached NKr130m in the same period, compared with NKr77m last year.

Turnover for the EB and Elektro Union groups, which are part of the EB Corporation as a result of a merger earlier this year, reached NKr3.2bn, while profit before extraordinary expenses realised NKr112m.

In August, Asea, the Swedish electrical engineering concern, took a 63 per cent majority stake in EB in a move which had far-reaching implications for the Norwegian electrical engineering industry. The merger is to be effective from January 1988 and will rank EB as Norway's second-largest privately-owned industrial group.

As a result of the merger, EB Corporation was assigned worldwide responsibility within Asea Brown Boveri for hydro-power development, telecommunications, oil and gas related activities.

The EB Telecom division had a larger turnover than expected during the first eight months, although profits realised were weaker than forecast.

Alfa-Laval edges ahead

ALFA-LAVAL, the Swedish dairy equipment and process engineering group, reported a 6 per cent increase in profits (after financial items) to SKr415m ($65m) for the first eight months, Our Stockholm Correspondent writes.

The increase was helped by capital gains of SKr92m on the sale of investment shares.

Group sales rose by 12 per cent, to SKr6.59bn, due to the recent acquisition of several companies. Group orders received during the period increased by 13 per cent, to SKr7.692bn, and acquisitions accounted for a 9 per cent increase.

Full-year profits after financial items are expected to be at the same level as last year, when they reached SKr730.6m.

Alfa-Laval said capital gains on the sale of shares would contribute to the full-year income; as was the case last year.

The group has made several acquisitions during 1987, aimed at strengthening its flow equipment, food engineering, dosing and analysing technology, and marine and power divisions. These acquisitions are expected to add SKr1bn to annual invoiced sales.

Gencor Group

Gold mining companies' reports for the quarter ended 30 September 1987

All companies mentioned are incorporated in the Republic of South Africa

WINKELHAAK Mines Limited

Company Registration No. 56/03608/06

Directors: N.C. Officer (Chairman); F.S. Clarke; S.P. Ellis; P.J. Eustace; W.B. Evans; C.T. Fenton; J.R. Forbes; G. Maude*; H.A. Smith; T.J. Steenkamp.
Alternates: E.K. Bartleet; J.H.J. Burke; K.M. Hosking; J.E. Olivier; T.C. Rees; D.J.D. Ross; J.C. Willemse; A.J. Wright.
*British

Issued capital – 12 180 000 shares of R1 each.

OPERATING RESULTS	Quarter ended 30.9.1987	Quarter ended 30.6.1987	Year ended 30.9.1987
Mined (m²)	105 932	143 281	548 120
Ore milled (t)	483 000	564 000	2 204 000
Gold produced (kg)	2 594	3 046	12 298
Yield (g/t)	5,4	5,4	5,6
Working revenue (R/t milled)	164,13	157,15	163,43
Working costs (R/t milled)	91,87	76,08	76,44
(R/m² mined)	418,90	298,47	307,38
Working income (R/t milled)	72,26	81,07	86,99
Gold price received (R/kg)	30 245	28 775	29 065
($/oz)	458	443	428
FINANCIAL RESULTS (R'000)			
Working revenue	79 275	88 630	360 190
Working costs	44 375	42 909	168 483
Working income	34 900	45 721	191 707
Sundry income—net	1 361	1 268	6 376
Tribute and royalties—net	—	(306)	(782)
Income before taxation and State's share of income	36 261	46 683	197 301
Taxation and State's share of income	611	17 232	62 482
Income after taxation and State's share of income	35 650	29 451	134 819
Capital expenditure	30 185	18 958	86 145
Dividend declared	20 097	—	43 238
DEVELOPMENT – Kimberley Reef			
Advanced (m)	1 842	2 945	10 710
Advanced on reef (m)	289	888	1 807
Sampled (m)	381	559	1 809
Channel width (cm)	61	69	55
Average value – gold (g/t)	23,6	11,8	16,0
— (cm.g/t)	1 439	898	878

ORE RESERVES as at 30 September 1987

	Available	Un-available	In-accessible	Total
Tons (000's)	6 520	1 960	970	9 450
Stope width (cm)	111	110	112	111
Value – gold (g/t)	8,5	8,8	9,5	8,7
— (cm.g/t)	946	968	1 067	963

The ore reserve pay limit was calculated at an estimated gold price of R27 000/kg.

REMARKS

Capital expenditure
The latest estimated capital expenditure for the next six months – R64,2 million.

Dividends
On 3 September 1987 dividend No. 55 of 165 cents per share was declared payable to members registered on 18 September 1987. Dividend warrants will be posted on 6 November 1987.

Production
Production and unit costs were affected by the recent strike.

Boreholes
A borehole, drilled 1,2 kilometres to the west of No. 1 Shaft, intersected Kimberley Reef at 379 metres below surface with an average value of 510 centimetre grams per ton.
Another borehole, drilled 3,4 kilometres north-east of No. 2 Shaft, intersected Kimberley Reef in a faulted area with an average value of 1 283 centimetre grams per ton. Two further boreholes, drilled in the same area, intersected Kimberley Reef with average values of 1 544 and 280 centimetre grams per ton respectively.

No. 5 Shaft System
The ventilation shaft has reached loading box elevation and the ore passes to 6 level from the loading boxes have been completed.
Sinking operations at the main shaft have reached 7 level elevation and station cutting is in progress. Both shafts are within budget and on schedule.

ST. HELENA Gold Mines Limited

Company Registration No. 05/20743/06

Directors: S.P. Ellis (Chairman); F.S. Clarke; W.B. Evans; E.P. Gush; L. Hewitt; K.M. Hosking; C.G. Knobbs; G. Maude*; C.R. Netscher; P. de V. Rademeyer.
Alternates: E.K. Bartleet; A.D. Botha; J.H.J. Burke; C.T.S. Dempsey; P.J. Eustace; G.C. Krafft; H.B. Nieuwoudt; N.C. Officer; S.W. van der Coll; G.W. Woodward.
*British

Issued capital – 9 625 000 ordinary shares of R1 each.
– 10 175 070 cumulative preference shares of R1 each.

OPERATING RESULTS	Quarter ended 30.9.1987	Quarter ended 30.6.1987	9 months ended 30.9.1987
Mined (m²)	119 387	130 332	372 866
Ore milled (t)	550 000	608 600	1 698 000
Gold produced (kg)	2 130	2 342	6 551
Yield (g/t)	3,9	3,9	3,9
Working revenue (R/t milled)	117,21	113,09	113,87
Working costs (R/t milled)	97,89	83,46	89,42
(R/m² mined)	450,07	389,36	399,75
Working income (R/t milled)	19,32	29,63	24,45
Gold price received (R/kg)	30 209	29 205	28 917
($/oz)	456	445	436
FINANCIAL RESULTS (R'000)			
Working revenue	64 464	68 780	189 931
Working costs	53 839	50 745	149 147
Working income	10 625	18 015	40 784
Sundry income—net	2 142	2 497	7 329
Income before taxation and State's share of income	12 767	20 512	48 113
Taxation and State's share of income	(1 879)	2 296	919
Income after taxation and State's share of income	14 646	18 216	47 194
Capital expenditure	11 902	12 232	35 215
Dividend declared	—	10 588	10 588

DEVELOPMENT	Quarter ended 30.9.1987 Basal Reef	Leader Reef	Quarter ended 30.6.1987 Basal Reef	Leader Reef	9 months ended 30.9.1987 Basal Reef	Leader Reef
Advanced (m)	3 444	808	3 715	663	10 020	2 280
Advanced on reef (m)	482	442	482	314	1 232	1 244
Sampled (m)	372	366	417	369	1 074	1 121
Channel width (cm)	120	143	113	151	114	151
Average value – gold (g/t)	7,7	3,6	8,8	3,5	9,0	3,5
— (cm.g/t)	930	516	991	524	1 019	533

REMARKS

Capital expenditure
The latest estimated capital expenditure for the next six months – R20,5 million.

Dividends
A dividend of 110 cents per ordinary share was paid on 7 August 1987.

Production
Production and unit costs were affected by the recent strike.

No. 10 Shaft
We regret to report that 63 workers lost their lives as a result of an explosion on 31 August 1987. Recovery operations are continuing and it is estimated that this low-grade shaft, which is in its initial stages, will be recommissioned in approximately eight months.

Dump milling
A total of 19 300 tons (June quarter 65 300 tons) was milled ex surface dumps.

LESLIE Gold Mines Limited

Company Registration No. 59/01124/06

Directors: N.C. Officer (Chairman); J.H.J. Burke; F.S. Clarke; W.B. Evans; G. Maude*; J.E. Olivier; H.A. Smith; T.J. Steenkamp; M.A. Watson.
Alternates: E.K. Bartleet; B.J. Lewis; C.M. Norval; T.C. Rees; D.J.D. Ross; J.C. Willemse.
*British

Issued capital – 18 000 000 shares of 65 cents each.

OPERATING RESULTS	Quarter ended 30.9.1987	Quarter ended 30.6.1987	Year ended 30.9.1987
Mined (m²)	60 799	76 826	286 049
Ore milled (t)	342 000	335 000	1 370 000
Gold produced (kg)	776	827	3 347
Yield (g/t)	2,3	2,5	2,4
Working revenue (R/t milled)	69,14	71,72	71,60
Working costs (R/t milled)	59,65	58,35	57,09
(R/m² mined)	335,54	254,09	262,42
Working income (R/t milled)	9,48	13,37	14,51
Gold price received (R/kg)	30 141	28 648	28 925
($/oz)	457	441	428
FINANCIAL RESULTS (R'000)			
Working revenue	23 647	24 026	98 095
Working costs	20 400	19 546	78 214
Working income	3 247	4 480	19 881
Sundry income—net	720	218	1 727
Tributes and royalties—net	(5)	(8)	(43)
Income before taxation and State's share of income	3 962	4 689	21 565
Taxation and State's share of income	1 195	2 110	9 980
Income after taxation and State's share of income	2 767	2 579	11 585
Capital expenditure	426	383	2 065
Dividend declared	3 200	—	8 600
DEVELOPMENT – Kimberley Reef			
Advanced (m)	2 218	2 934	10 846
Advanced on reef (m)	667	936	3 037
Sampled (m)	561	814	2 835
Channel width (cm)	36	20	22
Average value – gold (g/t)	10,0	13,4	16,5
— (cm.g/t)	363	268	362

ORE RESERVES as at 30 September 1987

	Available	Un-available	In-accessible	Total
Tons (000's)	280	310	220	820
Stope width (cm)	99	96	96	97
Value – gold (g/t)	7,4	8,1	6,4	7,4
— (cm.g/t)	720	773	618	713

The ore reserve pay limit was calculated at an estimated gold price of R27 000/kg.

REMARKS

Capital expenditure
The latest estimated capital expenditure for the next six months – R2,0 million.

Dividends
On 3 September 1987 dividend No. 46 of 20 cents per share was declared payable to members registered on 18 September 1987. Dividend warrants will be posted on 6 November 1987.

Production
Square metres mined were affected by labour unrest and the recent strike, which resulted in additional low-grade tonnage being milled.

Borehole
A borehole, drilled 3,8 kilometres to the north of No. 1 Shaft, intersected Kimberley Reef at 1 182 metres below surface with an average value in excess of 2 500 centimetre grams per ton (this figure is subject to confirmation). Development towards this intersection has commenced and it will be some two years before the area, known to be of limited extent, can be evaluated.

Dump milling
A total of 109 000 tons (June quarter 86 000 tons) was milled ex surface dumps.

BUFFELSFONTEIN Gold Mining Company Limited

Company Registration No. 05/33934/06

Directors: S.P. Ellis (Chairman); F.S. Clarke; D.J. Crowe*; W.B. Evans; E.P. Gush; J.C. Janse van Rensburg; C.R. Netscher; T.L. Pretorius; P de V Rademeyer; T.J. Steenkamp; L.W.P. van den Bosch; R.A.D. Wilson.
Alternates: H.C.A. Booysen; J.H.J. Burke; P.J. Cook; P.J. Eustace; M.D. Hanson; L. Hewitt; G.S. Lee*; G. Maude*; T.C. Rees; D.J.D. Ross; J.E. van Niekerk.
Honorary President: J. Scott (Non-executive)
*British

Issued capital – 11 000 000 ordinary shares of R1 each.
– 12 400 158 cumulative preference shares of R1 each.

OPERATING RESULTS	Quarter ended 30.9.1987	Quarter ended 30.6.1987
Gold		
Mined (m²)	143 530	155 727
Ore milled (t)	723 000	678 000
Gold produced (kg)	4 308	4 369
Yield (g/t)	6,0	6,4
Working revenue (R/t milled)	179,58	186,12
Working costs (R/t milled)	131,08	130,56
(R/m² mined)	660,29	589,42
Working income (R/t milled)	48,50	55,56
Gold price received (R/kg)	30 078	28 716
($/oz)	455	445
Uranium		
Pulp treated (t)	723 000	678 000
Oxide produced (t)	109	111
Yield (kg/t)	0,15	0,16
FINANCIAL RESULTS (R'000)		
Gold – Working revenue	129 837	126 191
– Working costs	94 771	88 519
– Working income	35 066	37 672
Uranium – Working income	3 191	5 968
Sundry income—net	540	805
Tribute and royalties—net	(3 909)	(9 297)
Income before taxation and State's share of income	34 888	35 168
Taxation and State's share of income	17 968	29 688
Dividend received	—	1 400
Share of income – Beatrix mine	—	5 185
Income after taxation and State's share of income	16 920	12 236
Taxation offset on Beatrix capital expenditure applied to repay loans	—	(16 573)
Attributable to ordinary shareholders	16 920	28 808
Capital expenditure	4 399	7 817
Dividends declared	—	33 000
DEVELOPMENT – Vaal Reef and limited 'C' Reef		
Advanced (m)	7 965	9 916
Advanced on reef (m)	477	570
Sampled (m)	404	530
Channel width (cm)	91	105
Average value – gold (g/t)	14,5	16,4
— (cm.g/t)	1 326	1 722
– uranium (kg/t)	0,469	0,495
— (cm.kg/t)	42,80	52,11

REMARKS

Capital expenditure
The latest estimated capital expenditure for the next six months – R18,4 million.

Dividends
Dividends of 300 cents per ordinary share and 117 cents per cumulative preference share were paid on 7 August 1987.

Production
Square metres mined have been affected, both by the high level of seismicity in the area and by an illegal strike by some 1 100 workers.

Beatrix mine

In terms of an agreement, 16 percent of the distributable income from the Beatrix mine is attributable to Buffelsfontein and 84 percent to Beatrix Mines Limited.

OPERATING RESULTS	Quarter ended 30.9.1987	Quarter ended 30.6.1987
Mined (m²)	125 235	111 338
Ore milled (t)	512 000	500 000
Gold produced (kg)	3 073	3 236
Yield (g/t)	6,0	6,5
Working revenue (R/t milled)	181,74	188,91
Working costs (R/t milled)	98,48	93,79
(R/m² mined)	402,60	421,21
Working income (R/t milled)	83,26	95,12
Gold price received (R/kg)	30 234	28 524
($/oz)	454	440
FINANCIAL RESULTS (R'000)		
Working revenue	93 048	94 455
Working costs	50 420	46 897
Working income	42 628	47 558
Sundry income—net	2 224	2 973
Royalty payments	13 957	14 188
Income before taxation	30 895	30 416
Taxation	14 121	1 326
Income after taxation	16 774	29 090
Capital expenditure	4 033	4 289
Appropriation for loan repayments	2 250	11 268
DEVELOPMENT – Beatrix Reef		
Advanced (m)	8 232	7 601
Advanced on reef (m)	1 584	1 919
Sampled (m)	1 448	1 801
Channel width (cm)	50	53
Average value – gold (g/t)	17,4	17,5
— (cm.g/t)	870	926

REMARKS

Capital expenditure
The latest estimated capital expenditure for the next six months – R14,0 million.

Taxation
After not being liable therefor for some time due to capital expenditure incurred in bringing the mine into production, the division has again become liable for the payment of mining taxation.

Appropriation for loan repayments
The reduction in appropriation for loans reflects the completion with the arrangement with Buffelsfontein Gold Mining Company Limited.

STILFONTEIN Gold Mining Company Limited

Company Registration No. 05/33412/06

Directors: W.B. Evans (Chairman); J.H.J. Burke; F.S. Clarke; J.C. Janse van Rensburg; G.S. Lee*; C.R. Netscher; T.L. Pretorius; R.A.D. Wilson.
Alternates: H.C.A. Booysen; P.J. Eustace; T.C. Rees; D.J.D. Ross; J.E. van Niekerk.
Honorary President: J. Scott (Non-executive)
*British

Issued capital – 13 062 920 shares of 50 cents each.

OPERATING RESULTS	Quarter ended 30.9.1987	Quarter ended 30.6.1987	9 months ended 30.9.1987
Mined (m²)	58 787	78 103	237 720
Ore milled (t)	374 000	383 000	1 171 000
Gold produced (kg)	1 830	1 769	5 427
Yield (g/t)	4,9	4,6	4,6
Working revenue (R/t milled)	148,77	133,72	137,02
Working costs (R/t milled)	126,69	126,50	124,61
(R/m² mined)	806,01	636,53	613,85
Working income (R/t milled)	22,08	7,22	12,41
Gold price received (R/kg)	29 890	29 575	28 336
($/oz)	446	421	418
FINANCIAL RESULTS (R'000)			
Working revenue	55 639	52 551	160 456
Working costs	47 383	49 715	145 925
Working income	8 256	2 836	14 531
Sundry income—net	1 182	1 107	3 524
Tribute and royalties—net	(2 181)	(629)	(4 555)
Income before taxation and State's share of income	7 257	3 314	13 500
Taxation and State's share of income	392	971	2 471
Dividend received	—	5 600	5 600
Income after taxation and State's share of income	6 865	7 943	16 629
Capital expenditure	703	1 562	4 418
Dividend declared	—	5 225	5 225

DEVELOPMENT	Quarter ended 30.9.1987 Vaal Reef	V.C.R.	Quarter ended 30.6.1987 Vaal Reef	V.C.R.	9 months ended 30.9.1987 Vaal Reef	V.C.R.
Advanced (m)	2 480	2 855	4 189	4 093	11 838	11 432
Advanced on reef (m)	163	472	312	371	1 016	1 408
Sampled (m)	155	400	280	430	965	1 356
Channel width (cm)	25	60	27	71	23	62
Average value – gold (g/t)	48,7	5,1	46,9	8,0	50,3	6,7
— (cm.g/t)	1 203	306	1 293	571	1 167	415
– uranium (kg/t)	1,456	0,091	0,815	0,077	0,917	0,090
— (cm.kg/t)	35,96	5,46	22,40	5,48	21,28	5,58

REMARKS

Capital expenditure
The latest estimated capital expenditure for the next six months – R2,3 million.

Dividends
A dividend of 40 cents per share was paid on 7 August 1987.

Production
Production was affected by the recent strike and the need for more selective mining on the Ventersdorp Contact Reef.

Dump milling
A total of 64 600 tons was milled ex surface dumps during the quarter.

Chemwes Limited

Company Registration No. 64/02378/06
(A subsidiary of Stilfontein Gold Mining Company Limited)

Directors: W.B. Evans (Chairman); J.H.J. Burke; F.S. Clarke; J.C. Janse van Rensburg; G.S. Lee*; N.C. Officer; T.L. Pretorius; R.A.D. Wilson.
Alternates: H.C.A. Booysen; P.J. Eustace; T.C. Rees; D.J.D. Ross; J.E. van Niekerk.
*British

Issued capital – 1 000 shares of R1 each.

OPERATING RESULTS	Quarter ended 30.9.1987	Quarter ended 30.6.1987	9 months ended 30.9.1987
Uranium			
Pulp treated (t)	830 000	865 000	2 677 000
Oxide produced (t)	105,3	106,0	314,9
Yield (kg/t)	0,127	0,123	0,122
FINANCIAL RESULTS (R'000)			
Net income after taxation	5 220	2 986	10 941
Capital expenditure	39	—	98
Dividend declared	—	7 000	7 000

REMARKS

Capital expenditure
The latest estimated capital expenditure for the next six months – R200 000.

Dividends
A dividend of R7 million was paid on 7 August 1987.

Net income
Net income increased considerably due to contracts which were scheduled for delivery in 1990/1 having been brought forward for delivery during this quarter.

UNISEL Gold Mines Limited

Company Registration No. 72/10604/06

Directors: S.P. Ellis (Chairman); A.D. Botha; Dr. J.J. le R. Cilliers; F.S. Clarke; P.J. Crosshaw*; W.B. Evans; J.G.A. Jump*; Dr. J. Kenyon*; R.R. Levallie**; N.C. Officer.
Alternates: E.K. Bartleet; J.B. Greeme; G.C. Krafft; G. Maude*; T.J. Meade***; A.W. Paterson*; T.C. Rees; T.J. Steenkamp.
*British **American ***Irish

Issued capital – 28 000 000 shares of no par value.

OPERATING RESULTS	Quarter ended 30.9.1987	Quarter ended 30.6.1987	Year ended 30.9.1987
Mined (m²)	56 936	49 632	219 681
Ore milled (t)	295 000	301 000	1 259 000
Gold produced (kg)	1 758	1 924	7 994
Yield (g/t)	6,0	6,4	6,4
Working revenue (R/t milled)	186,82	190,20	187,17
Working costs (R/t milled)	83,32	81,47	76,34
(R/m² mined)	431,73	494,10	437,51
Working income (R/t milled)	103,50	108,73	110,83
Gold price received (R/kg)	30 278	29 112	28 940
(g/oz)	456	449	429
FINANCIAL RESULTS (R'000)			
Working revenue	55 113	57 250	235 654
Working costs	24 581	24 523	96 113
Working income	30 532	32 727	139 541
Sundry income—net	1 527	885	5 664
Milling fee	(1 779)	(1 748)	(6 900)
Income before taxation and State's share of income	30 280	31 864	138 305
Taxation and State's share of income	17 544	19 746	83 075
Income after taxation and State's share of income	12 736	12 118	55 230
Capital expenditure	2 765	1 471	9 993
Dividend declared	19 600	—	44 800

DEVELOPMENT	Quarter ended 30.9.1987 Basal Reef	Leader Reef	Quarter ended 30.6.1987 Basal Reef	Leader Reef	Year ended 30.9.1987 Basal Reef	Leader Reef
Advanced (m)	1 789	183	1 541	559	6 818	2 916
Advanced on reef (m)	265	448	97	433	821	2 081
Sampled (m)	158	356	167	414	692	1 847
Channel width (cm)	108	209	84	204	91	211
Average value – gold (g/t)	7,3	2,9	17,5	2,3	16,0	3,1
— (cm.g/t)	773	612	1 477	469	1 455	658

ORE RESERVES as at 30 September 1987

	Available	Un-available	In-accessible	Total
Tons (000's)	2 990	390	270	3 650
Stope width (cm)	194	168	192	191
Value – gold (g/t)	8,0	11,4	6,9	8,1
— (cm.g/t)	1 548	1 643	1 323	1 544

The ore reserve pay limit was calculated at an estimated gold price of R27 000/kg.

REMARKS

Capital expenditure
The latest estimated capital expenditure for the next six months – R7,0 million.

Dividends
On 3 September 1987 dividend No. 18 of 70 cents per share was declared payable to members registered on 18 September 1987. Dividend warrants will be posted on 6 November 1987.

KINROSS Mines Limited

Company Registration No. 63/06226/06

Directors: N.C. Officer (Chairman); A.D. Botha; J.H.J. Burke; F.S. Clarke; S.P. Ellis; P.J. Eustace; W.B. Evans; G. Maude*; C.R. Netscher; M.A. Watson.
Alternates: E.K. Bartleet; K.M. Hosking; C.M. Norval; J.E. Olivier; T.C. Rees; D.J.D. Ross; T.J. Steenkamp; J.C. Willemse.
*British

Issued capital – 18 000 000 stock units of R1 each.

OPERATING RESULTS	Quarter ended 30.9.1987	Quarter ended 30.6.1987	Year ended 30.9.1987
Mined (m²)	94 003	132 095	453 868
Ore milled (t)	426 000	535 500	1 920 000
Gold produced (kg)	2 494	3 262	11 511
Yield (g/t)	5,9	6,1	6,0
Working revenue (R/t milled)	176,24	175,75	174,39
Working costs (R/t milled)	100,28	80,78	85,92
(R/m² mined)	454,46	327,47	363,48
Working income (R/t milled)	75,96	94,97	88,47
Gold price received (R/kg)	30 003	28 701	28 984
($/oz)	456	441	429
FINANCIAL RESULTS (R'000)			
Working revenue	75 079	94 114	334 822
Working costs	42 721	43 257	164 971
Working income	32 358	50 857	169 851
Sundry income—net	6 196	1 664	12 625
Income before taxation and State's share of income	38 554	52 521	182 476
Taxation and State's share of income	22 288	31 861	110 626
Income after taxation and State's share of income	16 266	20 660	71 850
Capital expenditure	3 228	3 852	15 444
Dividend declared	36 000	—	62 100
DEVELOPMENT – Kimberley Reef			
Advanced (m)	2 815	3 960	13 661
Advanced on reef (m)	534	1 150	3 641
Sampled (m)	509	1 139	3 605
Channel width (cm)	47	35	34
Average value – gold (g/t)	16,5	21,4	23,2
— (cm.g/t)	772	743	788

ORE RESERVES as at 30 September 1987

	Available	Un-available	In-accessible	Total
Tons (000's)	3 690	3 080	510	7 280
Stope width (cm)	111	112	112	112
Value – gold (g/t)	8,9	8,7	10,7	8,9
— (cm.g/t)	982	972	1 197	993

The ore reserve pay limit was calculated at an estimated gold price of R27 000/kg.

REMARKS

Capital expenditure
The latest estimated capital expenditure for the next six months – R19,5 million.

Dividends
On 3 September 1987 dividend No. 39 of 200 cents per stock unit was declared payable to members registered on 18 September 1987. Dividend warrants will be posted on 6 November 1987.

Production
Production and unit costs were affected by the recent strike.

Sundry income
Sundry income includes an amount of R4,0 million in respect of insurance claims received.

BRACKEN Mines Limited

Company Registration No. 59/01126/06

Directors: N.C. Officer (Chairman); J.H.J. Burke; F.S. Clarke; P.J. Eustace; W.B. Evans; G. Maude*; J.E. Olivier; H.A. Smith; T.J. Steenkamp; M.A. Watson.
Alternates: E.K. Bartleet; K.M. Hosking; C.M. Norval; T.C. Rees; D.J.D. Ross; J.C. Willemse.
*British

Issued capital – 14 000 000 shares of 90 cents each.

OPERATING RESULTS	Quarter ended 30.9.1987	Quarter ended 30.6.1987	Year ended 30.9.1987
Mined (m²)	43 114	63 794	227 684
Ore milled (t)	228 000	232 000	915 000
Gold produced (kg)	661	663	2 693
Yield (g/t)	2,9	2,9	2,9
Working revenue (R/t milled)	89,43	83,80	87,00
Working costs (R/t milled)	66,98	66,08	65,52
(R/m² mined)	354,27	240,30	263,33
Working income (R/t milled)	22,44	17,72	21,48
Gold price received (R/kg)	30 103	28 805	29 052
($/oz)	456	444	429
FINANCIAL RESULTS (R'000)			
Working revenue	20 390	19 442	79 604
Working costs	15 274	15 330	59 951
Working income	5 116	4 112	19 653
Sundry income—net	935	307	2 469
Tribute and royalties—net	(27)	37	(211)
Income before taxation and State's share of income	6 024	4 456	21 911
Taxation and State's share of income	2 874	2 075	10 883
Income after taxation and State's share of income	3 150	2 381	11 028
Capital expenditure	425	495	2 136
Dividend declared	4 200	—	9 100
DEVELOPMENT – Kimberley Reef			
Advanced (m)	762	914	3 482
Advanced on reef (m)	257	254	933
Sampled (m)	276	245	968
Channel width (cm)	31	39	42
Average value – gold (g/t)	10,1	11,9	9,7
— (cm.g/t)	312	462	403

ORE RESERVES as at 30 September 1987

	Available	Un-available	In-accessible	Total
Tons (000's)	620	340	160	1 120
Stope width (cm)	109	103	108	107
Value – gold (g/t)	5,2	6,4	7,3	5,9
— (cm.g/t)	570	662	781	630

The ore reserve pay limit was calculated at an estimated gold price of R27 000/kg.

REMARKS

Capital expenditure
The latest estimated capital expenditure for the next six months – R1,8 million.

Dividends
On 3 September 1987 dividend No. 50 of 30 cents per share was declared payable to members registered on 18 September 1987. Dividend warrants will be posted on 6 November 1987.

Production
Square metres mined were affected by labour unrest and the recent strike. Tonnage was supplemented by clean-up operations on surface and underground.

Dump milling
A total of 32 000 tons was milled ex surface dumps during the quarter.

Boreholes
A borehole, drilled 4,5 kilometres west of No. 1 Shaft, intersected Kimberley Reef at 228 metres below surface with an average value of 325 centimetre grams per ton. Another borehole, drilled in the same area, intersected Kimberley Reef at 442 metres below surface with an average value of 29 centimetre grams per ton.

The GROOTVLEI Proprietary Mines Limited

Company Registration No. 01/02088/06

Directors: W.B. Evans (Chairman); A.D. Botha; J.H.J. Burke; F.S. Clarke; A.J. du Plessis; J.C. Janse van Rensburg; M.R. Oberholzer; B.A. Smith.
Alternates: E.K. Bartleet; C.M. Norval; T.C. Rees; D.J.D. Ross.
Issued capital – 11 438 818 stock units of 25 cents each.

OPERATING RESULTS	Quarter ended 30.9.1987	Quarter ended 30.6.1987	9 months ended 30.9.1987
Mined (m²)	73 403	82 531	255 083
Ore milled (t)	332 000	365 000	1 101 000
Gold produced (kg)	1 016	1 087	3 445
Yield (g/t)	3,1	3,0	3,1
Working revenue (R/t milled)	93,11	87,28	90,12
Working costs (R/t milled)	89,78	80,73	80,86
(R/m² mined)	406,06	357,02	349,04
Working income (R/t milled)	3,33	6,55	9,26
Gold price received (R/kg)	30 137	28 907	28 833
($/oz)	456	443	431
FINANCIAL RESULTS (R'000)			
Working revenue	30 914	31 859	99 219
Working costs	29 806	29 465	89 026
Working income	1 108	2 394	10 193
Sundry income—net	(97)	40	206
Tribute and royalties—net	(2)	132	202
Income before taxation	1 009	2 566	10 601
Taxation	(1 025)	(72)	2 045
Income after taxation	2 034	2 638	8 556
Capital expenditure	486	602	1 594
Dividend declared	—	3 432	3 432

DEVELOPMENT	Quarter ended 30.9.1987 Black Reef	Kimberley Reef	Main Reef	Quarter ended 30.6.1987 Black Reef	Kimberley Reef	Main Reef	9 months ended 30.9.1987 Black Reef	Kimberley Reef	Main Reef
Advanced (m)	99	960	213	217	1 073	272	832	3 515	760
Advanced on reef (m)	58	484	119	112	501	110	323	1 944	309
Sampled (m)	56	477	119	115	572	103	324	1 893	312
Channel width (cm)	116	19	24	108	22	26	110	21	27
Average value – gold (g/t)	2,6	20,7	7,3	6,5	17,9	9,8	6,1	17,5	9,4
— (cm.g/t)	301	394	178	698	394	256	676	367	254

REMARKS

Capital expenditure
The latest estimated capital expenditure for the next six months – R2,6 million.

Dividends
A dividend of 30 cents per stock unit was paid on 7 August 1987.

Production
Production and unit costs were affected by the recent strike. Some tonnage was, however, made available from underground and surface clean-up operations.

Dump milling
A total of 29 000 tons was milled ex surface dumps during the quarter.

Boreholes
A borehole, drilled 1,3 kilometres to the east of No. 6 Shaft, intersected Kimberley Reef at 385 metres below surface with an average value of 57 centimetre grams per ton. Another borehole, drilled 2,1 kilometres south-east of No. 6 Shaft, intersected Kimberley Reef 340 metres below surface with an average value of 324 centimetre grams per ton.

MARIEVALE Consolidated Mines Limited

Company Registration No. 05/06778/06

Directors: W.B. Evans (Chairman); A.D. Botha; J.H.J. Burke; F.S. Clarke; A.J. du Plessis; J.C. Janse van Rensburg; H.G. Mosenthal; N.C. Officer; B.A. Smith.
Alternates: C.M. Norval; M.R. Oberholzer; T.C. Rees; D.J.D. Ross; J.C. Willemse.
Issued capital – 4 500 000 shares of 25 cents each.

OPERATING RESULTS	Quarter ended 30.9.1987	Quarter ended 30.6.1987	9 months ended 30.9.1987
Mined (m²)	12 253	16 426	48 016
Ore milled (t)	81 000	90 000	258 000
Gold produced (kg)	198	201	625
Yield (g/t)	2,4	2,2	2,4
Working revenue (R/t milled)	73,79	64,28	69,53
Working costs (R/t milled)	79,40	69,84	72,99
(R/m² mined)	524,85	382,69	392,18
Working income (R/t milled)	(5,61)	(5,56)	(3,46)
Gold price received (R/kg)	30 134	28 325	28 601
($/oz)	456	438	431
FINANCIAL RESULTS (R'000)			
Working revenue	5 977	5 785	17 939
Working costs	6 431	6 286	18 831
Working income	(454)	(501)	(892)
Sundry income—net	18	25	105
Income before taxation	(436)	(476)	(787)
Taxation	—	(40)	—
Income after taxation	(436)	(436)	(787)
Capital expenditure	18	155	261
Dividend declared	—	—	—
DEVELOPMENT			
Advanced (m)	318	442	1 193
Advanced on reef (m)	195	239	649
Sampled (m)	185	224	598
Channel width (cm)	111	99	89
Average value – gold (g/t)	4,2	4,2	4,1
— (cm.g/t)	468	417	369

REMARKS

Capital expenditure
The latest estimated capital expenditure for the next six months – R100 000.

Dividends
No interim dividend was paid.

Production
Underground production and unit costs were affected by the recent strike which resulted in additional low-grade dump tonnage being milled.

Boreholes
A borehole, drilled 0,9 kilometres to the west of No. 3 Shaft, intersected Kimberley Reef at 499 metres below surface with an average value of 17 centimetre grams per ton. Another borehole, drilled 2,0 kilometres to the west of No. 7 Shaft, intersected Kimberley Reef 354 metres below surface with an average value of 181 centimetre grams per ton.

Dump milling
A total of 16 600 tons (June quarter 6 900 tons) was milled ex surface dumps.

WEST RAND Consolidated Mines Limited

Company Registration No. 01/01979/06

Directors: W.B. Evans (Chairman); F.S. Clarke; P.J. Cook; A.J. du Plessis; J.C. Janse van Rensburg; G.S. Lee*; H.G. Mosenthal.
Alternates: H.C.A. Booysen; J.H.J. Burke; T.C. Rees; D.J.D. Ross; J.C. Willemse.
*British
Issued capital – 4 250 000 ordinary shares of R1 each.
– 25 000 deferred shares of R2 each.

OPERATING RESULTS	Quarter ended 30.9.1987	Quarter ended 30.6.1987	9 months ended 30.9.1987
Mined (m²)	97 758	91 317	280 458
Ore milled (t)	492 600	485 500	1 478 100
Gold produced (kg)	996	994	2 985
Yield (g/t)	2,0	2,1	2,0
Working revenue (R/t milled)	61,50	60,00	59,44
Working costs (R/t milled)	59,27	63,84	54,62
(R/m² mined)	298,65	285,25	287,89
Working income (R/t milled)	2,23	6,16	4,82
Gold price received (R/kg)	30 378	29 238	29 390
($/oz)	451	422	418
FINANCIAL RESULTS (R'000)			
Working revenue	30 297	29 130	87 857
Working costs	29 195	26 139	80 740
Working income	1 102	2 991	7 117
Sundry income—net	542	632	1 458
Tribute and royalties—net	—	(1 173)	(2 728)
Income before taxation	1 644	2 450	5 847
Taxation	319	602	1 156
Income after taxation	1 325	1 848	4 691
Capital expenditure	962	454	2 021
Dividends declared	—	1 133	1 133
DEVELOPMENT			
Advanced (m)	5 048	4 468	13 462
Advanced on reef (m)	2 447	2 284	6 578
Sampled (m)	2 418	2 436	6 766
Channel width (cm)	88	84	85
Average value – gold (g/t)	7,3	8,6	8,1
— (cm.g/t)	645	723	692

REMARKS

Capital expenditure
The latest estimated capital expenditure for the next six months – R1,9 million.

Dividends
Dividends of 20 cents per ordinary share and R11,33 per deferred share were paid on 7 August 1987.

Dump milling
A total of 76 600 tons (June quarter 118 000 tons) of sand from the North Sand Dump and slimes from No. 1 Slimes Dam was treated.

NOTES

1. Development values quoted above represent actual results of sampling. No allowance has been made for any adjustments which may be, or were, necessary when estimating ore reserves.
2. All financial figures are unaudited.
3. The quarterly reports have been approved and signed on behalf of the respective companies by two directors.
4. Ore reserves
   – All mines publish calculated ore reserves at 6-monthly intervals in their respective financial years.
   – Unavailable ore reserves are reserves which cannot be made available for mining during the next 12 months.
   – Inaccessible ore reserves are reserves which may only be mined towards the end of the life of the mine.
5. Future capital expenditure
   Members are referred to details of capital expenditure in the latest annual report of each company. Due to the sharp variations in the gold price the capital expenditure programmes are managed from month to month in accordance with the varying financial circumstances.
6. Central Registrars have been appointed as the companies' Transfer Secretaries with effect from 1 September 1987.

Johannesburg, 15 October 1987

Registered and head office
General Mining Building
6 Hollard Street
Johannesburg 2001

London office and secretaries
Gencor (UK) Limited
30 Ely Place
London EC1N 6UA

Transfer offices
South Africa:
Central Registrars Limited
154 Market Street
Johannesburg 2001
(PO Box 4844, Johannesburg 2000)

United Kingdom:
Hill Samuel Registrars Limited
6 Greencoat Place
London SW1P 1PL

Copies are available from the London office.

Goodman, Wattie merger approved

BY CHRIS SHERWELL IN SYDNEY

A NEW Australasian food manufacturing giant with global ambitions was created yesterday after approval was given in New Zealand for a merger between Goodman Fielder and Wattie Industries.

The merger will create an entity with powerful interests in Australia and New Zealand and a rapidly expanding presence in Europe, South-East Asia and South America.

Goodman Fielder Wattie, as the group will be known, will have a staff of 27,000, sales in excess of A$3bn (US$2.17bn) and a market capitalisation of some A$3.7bn, putting it in the top 10 Australian companies and the top three in New Zealand.

The group will spearhead the marketing of the region's food products internationally. It links Goodman's strengths in flour, bread, oils and gelatine with Wattie's as a producer and processor of dairy, meat, fruit and frozen food products.

The merger becomes effective on November 23. Although the board will meet in both Australia and New Zealand, the new group will be based in Sydney. Plans are going ahead to list its shares in London in early December.

Yesterday's approval for the merger came from New Zealand's Commerce Commission, the country's antitrust body, almost 11 months after the deal was first announced.

Initially, the commission found that the proposal would result in the acquisition or strengthening of a dominant position in certain markets, specifically flour milling, bread, pastry products and poultry.

But Goodman and Wattie subsequently gave written undertakings to dispose of certain assets within six months in order to overcome the objections.

These disposals, worth only A$18m, include the sale by Goodman of its interests in a yeast company, two flour mills and two bakeries and the sale by Wattie of one flour mill.

Under the terms of the merger, Wattie shareholders will receive seven shares in Goodman Fielder Wattie for every six Wattie shares held. Holders of specified preference shares in Wattie are being offered comparable terms.

Outside Australasia, Goodman Fielder currently owns 21 per cent of Ranks Hovis McDougall, the British food manufacturer, and has a 49 per cent interest in Leiner do Brasil, the largest gelatine manufacturer in South America.

Wattie has a majority stake in Cold Storage Holdings, the Singapore supermarket group, and a tie-up with Fraser and Neave, South-East Asia's best-known soft drinks manufacturer.

Goodman's stake in RHM gives it another, indirect entry into the Asia-Pacific region through Cerebos Pacific, the British company's Singapore-quoted subsidiary.

Goodman Fielder is the product of a 1986 merger between the Goodman group in New Zealand and Fielder Gillespie Davis and Allied Mills, both of Australia. In its maiden results it reported revenues of A$1.7bn and an after-tax equity-accounted profit of A$141m.

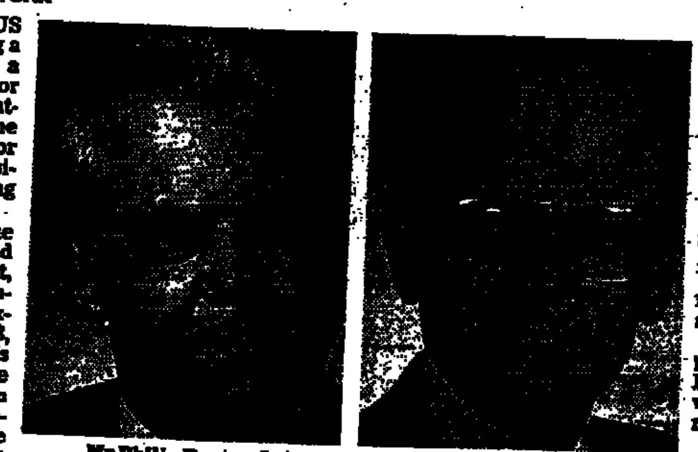
Top management changes at Ford

BY JAMES BUCHAN IN NEW YORK

Ford Motor, the diversified US motor group which is enjoying a banner year, has announced a host of changes in its senior management which are evidently designed to integrate the group's far-flung motor operations, manage its diversifications and reward promising executives.

The most important of the changes promotes Mr Harold Poling, 61, who was president, to vice-chairman under Mr Donald Petersen, 61, Ford chief executive. Mr Philip Benton, 58, who has been heading Ford's international automotive operations, fills a new position as president of Ford Automotive to "oversee and integrate activities of all Ford automotive operations worldwide." Mr Petersen said: "While the number of actions being announced at this time is considerable, they represent a normal evolution and have received careful consideration over many months."

Wall Street analysts said they believe that the promotions are partly designed to reflect the changing shape of the company and to reward key executives for a good performance, which has just led to the largest dividend increase in the company's history.



Mr Philip Benton (left), new president of Ford Automotive, and Mr Donald E Petersen, Ford's chief executive

Mr Benton will be replaced as head of international automotive operations by Mr Alan Gilmour, who was chief financial officer. A new division has been created for Ford's fast-growing financial services operations, under Mr James Ford.

The company, which has amassed more than $9bn in surplus cash from its operations, has also created a new group to advise Mr Petersen on diversification. The group will be headed by Mr Bruce Blythe, who was head of business strategy for Ford of Europe.

● Nissan Motor is to set up a leasing company in Tokyo in December, Reuter reports from Tokyo.

Nissan Lease will be owned 35 per cent each by Nissan and unspecified financial companies, and 30 per cent by Nissan affiliates. It will initially lease equipment such as robots, moulds and computers to affiliates to reduce their costs. The company has a first year revenue target of Y80bn ($556m) and should expand to Y200bn a year after five years by leasing to non-affiliates. The Japanese leasing market is estimated at Y4,800bn in 1987 and should rise by 20 per cent a year, a Nissan official said.

Last weekend Ford agreed to pay $512m for United States Leasing, a Californian company which leases vehicles and business equipment.

● TNT, the leading Australian transport group, is to sell its US trucking business to Pilot Freight Carriers, Reuter adds from Sydney.

Pilot Freight Carriers is owned by the Taggart Group, a private management and investment company formed to acquire troubled transport companies and return them to profitability. Mr Cam Carruth, TNT North America chairman, said terms would not be disclosed but TNT would be issued preferred stock in Pilot Freight Carriers.

Campbell Capital formed

BY OUR SYDNEY CORRESPONDENT

A TEAM of 16 executives and staff who resigned from an Australian merchant bank in August yesterday announced the launch of a "new independent and entrepreneurial investment bank" called Campbell Capital.

The team was formerly with Partnership Pacific, which was taken over by Westpac three years ago and virtually lost its identity as it was absorbed into the banking group.

Campbell Capital, named after Robert Campbell, an early Sydney merchant, has A$35m (US$25.3m) in long-term funds in the form of preference capital and subordinated debt from Ariadne, the Australian arm of Mr Bruce Judge, the New Zealand entrepreneur.

The 16 executives each own a A$1 share in the company

Delta Gold platinum deal

BY GORDON CRAMB

DELTA GOLD, an Australian precious metals exploration company, has been accorded exclusive mineral rights by the Zimbabwe Government over a large portion of the country's Hartley platinum complex where Union Carbide of the US had let its title lapse.

Mr Peter Vanderspuy, Delta Gold chairman, said it expected to produce up to 100,000 ounces of platinum a year as well as 80,000 oz palladium and 30,000 oz gold. The remainder of the area is controlled by the UK-owned Rio Tinto Zimbabwe and interests linked with Anglo American of South Africa.

Analysts believe that the deposits, though significant, occur in thin strata and if brought to production by the early 1990s would coincide with an increased output from South Africa.

Foreigners to join JAL sale managers

BY STEFAN WAGSTYL IN TOKYO

FOREIGN securities companies are to join the list of managers handling the forthcoming Y900bn ($6.25bn) sale by the Japanese Government of shares in Japan Air Lines.

It will the first time overseas companies have managed a government share offering in Japan, marking another step in the internationalisation of the Tokyo financial markets.

Foreign brokers protested when they were excluded from managing the Government's sale of shares in Nippon Telegraph and Telephone, which is due next month. The Ministry of Finance ruled out foreign managers on the grounds that foreign investors were not entitled to buy NTT shares.

Ministry of Finance officials were yesterday quoted as saying that foreign participation in managing the JAL issue in December would help avoid international friction between Japan and its trading partners.

However, foreign involvement is likely to be very small. Officials said that foreign companies would be selected on the basis of their involvement in the underwriting of long-term government bonds. Seven overseas companies have shares amounting to fractions of one per cent each in this business.

The Government is selling its remaining 34.5 per cent stake in JAL. It previously sold JAL shares in 1981.

HK clothing group plans corporate restructuring

BY DAVID DODWELL IN HONG KONG

YANGTZEKIANG Garment Manufacturing, one of Hong Kong's leading clothing producers, yesterday unveiled a corporate restructuring plan that will involve hiving off its retailing and property interests, and its international operations into separately listed companies.

Mr Chan Sin Kau, the founding chairman of the family-controlled group, said two new subsidiaries would be formed, both listed on the Hong Kong Stock Exchange. Yangtzekiang International would hold the operations of the group outside Hong Kong - ranging from manufacturing and trading to retailing and property investment - while Yangtzekiang Trading would embody garment retailing in Hong Kong, as well as the group's investment and development properties in the British territory.

Shareholders in the parent company will be offered one share in both the trading and international subsidiaries for every share they own in Yangtzekiang Garment Manufacturing. At the same time, under the proposed reorganisation, the parent and the trading subsidiary will hold 20 per cent stakes in each other.

Yangtzekiang manufactures and retails garments under labels which include Van Heusen, Cacherel, St Laurent and Fred Perry. It has factories not only in Hong Kong but in the Portuguese territory of Macao, in mainland China, in Singapore and in Malaysia.

In March last year, it also established a factory on Merseyside in the UK in response to an initiative from the Littlewoods Organisation. This venture, intended to produce jeans and shirts, has been dogged by wildcat strikes and labour shortages, according to Mr Kee Chan, a director of the company.

Yangtzekiang reported profits for the six months to September 1986 of HK$22.6m (US$2.9m) on turnover of HK$383m. Results for the 1986-87 full year have been delayed pending an announcement of the reorganisation. Financial information linked with the proposed reorganisation will be released "as soon as is practicable," the company said yesterday.

A crop of issues in a variety of currencies

BY CLARE PEARSON

A crop of new issues in a variety of currencies surfaced in the Eurobond market yesterday afternoon, with a C$100m bond for Nippon Telegraph and Telephone, led by Union Bank of Switzerland (Securities) standing out as the most successful.

Most of the other deals were priced with a view to the markets improving after a sell-off early yesterday afternoon in the wake of the announcement of a worse-than-expected $15.68bn US trade gap in August.

But NTT's five-year bond looked fairly priced with an 11¾ per cent coupon and 101¼ issue price, to give an initial yield spread over Canadian government bonds of 67 basis points. Late in the afternoon, this differential had narrowed by around 6 basis points while the bond was bid just inside its 1⅞ per cent fees.

Meanwhile, Merrill Lynch Capital Markets took advantage of the fall in the US Treasury bond market to provide an optically attractive 10 per cent coupon on a $100m two-year deal for its parent, Merrill Lynch.

In spite of this coupon, some dealers said the bond's initial yield spread over US Treasury bonds of around 80 basis points was too low, given the uncertain state of the market.

However, the lead-manager said the bond provided switching opportunities out of an outstanding two-year bond for Merrill Lynch, now trading at around 45 basis points over the Treasury yield curve. The deal, priced at 101, was quoted around the level of its 1⅛ per cent fees.

Goldman Sachs International's $200m 9¾ per cent two-year issue for Toronto Dominion Bank (Cayman Islands) looked if anything more ambitious. Priced at 101, it gave a mere 61 basis point spread over US Treasury bond yields. It was quoted by the lead-manager at less 1¼ bid, ⅛ point outside its fees.

Elsewhere, Chase Manhattan

INTERNATIONAL BONDS

Bank with Morgan Stanley International as joint lead-manager launched a £50m bond for Finnish Export Credit, designed to take advantage of under-supply in the Eurosterling sector.

However, dealers said retail Continental investors did not favour Scandinavian names and might dislike the bond's long first coupon period - a feature which has gained a bad reputation in the Australian dollar bond market.

Taking this feature into account, the 5⅛-year 10⅛ per cent bond, priced at 101⅝, provided an annualised yield to maturity of 10.62 per cent. As the gilt market weakened during the afternoon, it was bid outside its 1⅞ per cent fees at less 2.

ANZ Merchant Bank led a three-year A$50m 13¼ per cent bond for its parent, Australia and New Zealand Banking Group. The lead manager said the deal, priced at 101⅜, had been received "surprising well" given current weakness in the sector.

Daiwa Europe led a $80m equity warrnats bond for Hokkai Can, with a 3¼ per cent coupon indication, while Nomura International led a $100m bond, also with equity warrants, for Keio Teito Electric Railway, carrying an indicated 3⅛ per cent coupon. Both five-year deals were priced at par.

D-Mark Eurobond prices opened around ½ point higher in a continuing correction after the news that they would not be subject to West Germany's planned withholding tax. However, most of these gains were given up after the release of the US trade figures.

The market shrugged off the Bundesbank's announcement of a 3.85 per cent allocation rate for its latest repurchase agreement, 10 basis points higher than its previous rate.

In Switzerland, foreign bond prices were unchanged in low turnover. Swiss Bank Corporation led a SFr50m five-year 5⅛ per cent bond for Oesterreichische Kontrollbank, priced at 99¾.

Banque Paribas (Suisse) led a five-year equity warrants bond for Southmark Corporation, the US property company, convertible into shares of its subsidiary National Heritage. The bond, whose size will be in the range SFr50m to SFr80m, has an indicated 6¼ per cent coupon and is priced at 104.

UBS international offer with warrants

BY OUR EUROMARKETS STAFF

UNION BANK of Switzerland (Securities) is due to price today an international offering of combined units of bearer shares and warrants for its parent, Union Bank of Switzerland, raising about SFr400m ($267m).

The lead-manager said yesterday that the offering, which was initially launched late on Tuesday, was being offered around its issue price and was comfortably oversubscribed.

The issue comprises 75,000 shares, each with one warrant to buy an extra share attached. The warrants are exercisable between February and December next year.

The units will be priced on the basis of the closing price in Zurich of the bearer shares plus the value of the warrant, assuming an all-in premium (the cost of the warrant plus the exercise premium) of about 15 per cent.

The bearer shares closed on Tuesday at SFr5,000. Fees for the deal total 3⅛ per cent.

● Morgan Stanley International yesterday announced an issue of 25m new shares in Johnson Electric, the Hong Kong micro motor manufacturer, which will be distributed internationally.

The issue, worth around HK$350m ($45m), represents a 10 per cent increase in the company's share capital. Fees total 4 per cent.

Japanese clampdown on bond futures

By Stefan Wagstyl in Tokyo

JAPANESE securities houses are to clamp down on the credit granted to investors trading bond futures, in the wake of the Tateho Chemical Industries affair, in which an industrial company has been brought to the brink of bankruptcy by heavy bond futures losses.

The move comes largely in repsonse to informal pressure from the Ministry of Finance, which believes that Tateho highlighted the risks being taken in the futures markets by many investors - both corporate and private.

The Japan Security Dealers' Association is now studying ways of meeting the ministry's request for tighter controls without turning away profitable business.

Nomura, the largest Japanese securities company, said yesterday: "We have to control risks without cutting relations between investors and the securities companies."

Nomura said no final decisions had yet been taken. But according to reports in Tokyo, the securities companies intend to limit the positions granted to publicly-traded corporations to twice their net assets. Other companies would be limited to positions equal to their net assets or their disclosed assets, whichever is the larger.

Individual investors would be restricted to trading positions equal to a maximum of 10 times their deposits, or Y2bn.

If these rules are adopted, the hope is that they might prevent another company suffering the fate of Tateho. Tateho, with net assets of Y16.5bn had Y100bn invested in bond futures in the summer, before bond prices began falling sharply. The company lost Y28bn as a result.

However, security company executives pointed out that everything depended on how closely any new rules were observed, for example, with regard to investments by different subsidiaries in the same group.

Any restrictions are not thought likely to have a sizeable impact on the weight of corporate and private investment in the Tokyo bond and equity markets. Traders say that most investors use bond futures defensively to cover underlying bond holdings, rather than speculatively.

Swedish debt office chief retires early

By Sara Webb in Stockholm

MR LARS KALDEREN, director-general of Sweden's National Debt Office since 1977, has decided to retire from his post early. He will leave on February 1, 1988, at the age of 60, although his term was not due to expire until April 1989.

Mr Kalderen has said that he wants to return to working as a specialist adviser to developing countries. He worked for Sida, the Swedish development aid agency, in the 1960s and has always been interested in the economic problems faced by developing countries.

As one of the key figures in the Swedish financial community, Mr Kalderen was highly respected and has been credited with helping to build up the money market in the 1980s and introducing new financial instruments.

He has denied that his resignation is in any way connected with recent criticism in the press over the fact that he received a consultancy fee from Sida.

Civil servants are governed by strict regulations when it comes to consultancy payments and the question is now being studied by Bohlins, a firm of independent auditors.

In a few weeks' time, the Swedish parliament is expected to pass a Bill which will make the National Debt Office responsible to the Government rather than to parliament, as is currently the case.

The change, which was described by a senior official as "a mere formality, since it is the normal thing for the debt office to report to the Government rather than to parliament," has been regarded favourably by most parties, except the small Centre Party.

The debt office would remain an independent authority and, according to the official, "we will still borrow in our own name and have the responsibility." The office, which is responsible for the Swedish Government's domestic and overseas borrowing, will continue to keep in close contact with the Finance Ministry and central bank.

The total national debt stands at SKr609.3bn or 62.9 per cent of gross domestic product, according to figures from June 30. Of this, SKr481bn is domestic debt and SKr128.3bn is foreign.

The national debt grew rapidly in the late 1970s and early 1980s, but over the past couple of years it has started to decline as a proportion of GDP (from 67 per cent last year), though it has increased slightly in nominal terms since last year.

Framework sought for international investor protection

Call on UK to launch initiative

BY ALEXANDER NICOLL, EUROMARKETS EDITOR

MR STANISLAS Yassukovich, chairman of Merrill Lynch Europe, yesterday called on the British authorities to launch an international initiative to create a framework for coordinated regulation of securities markets along the lines of the Cooke Committee, which oversees banking activities.

The purpose, he said, would not to be to achieve total harmonisation of regulation but to minimise obvious gaps and "black holes" which, he said, increased the systemic risk associated with highly volatile securities markets.

Mr Yassukovich was addressing a Financial Times conference, staged in conjunction with the Securities Association, on the impact of Britain's Financial Services Act on international securities business.

Mr Andrew Large, chairman of the Securities Association and of the conference, said debates about regulation had centred on "ensuring adequate investor protection and at the same time, not hampering London's competitiveness as an international capital centre."

He said TSA was seeking to identify areas, such as in information systems, to determine capital adequacy, where the current timetable cannot be met.

Mr John Young, TSA chief executive, said TSA was looking at ways in which its capital adequacy rules could be introduced in a sequence which members could comply with and would help with sensible alleviations in the early stages if it could.

"There's absolutely no point in insisting on something which is phsyically impossible. But we can't move at the pace of the slowest ship in the convoy either."

Mr Young pointed to several areas in which work was being done following publication of draft capital adequacy rules in the summer and practitioners' response to them:

● TSA was close to a solution on setting capital requirements for domestic underwritings, a subject on which British merchant banks and issuing houses "are still a doughty and independent bunch and know how to fight a corner."

● TSA would soon publish a regime for banks with an integrated securities business, though problems remained in setting supervisory responsibilities for such firms in the wholesale money markets.

● TSA was close to finishing work on setting capital requirements for branches, which do not usually carry the capital and on-site controls that other types of business do.

● The SIB had agreed to delay regulations for client money during settlement until October 1988 to give firms some breathing space.

FT CONFERENCE
International Securities Business & The Financial Services Act

Mr Eddie George, executive director at the Bank of England, said, although it was disappointing that the SIB/TSA and the Bank of England had not been able to set common capital adequacy tests, "it will clearly be desirable over time to achieve closer convergence between the domestic securities regulators" - which include the Bank under an agreement this year with the SIB.

He said "level playing field considerations" would soon create pressure for international convergence in this area.

Ms Elizabeth Brimelow, executive director of County NatWest, outlined the background and implications of the Financial Services Act as they affected the framing of TSA's conduct of business rules. She detailed areas still to be clarified, and noted that Parliament had still to rule on whether prices of secondary offerings of shares could be stabilised.

Mr Richard Lawson, deputy chairman of TSA and of Greenwell Montagu Stockbrokers, defended the Association's plans to introduce individual registrations and examinations for executives, representatives and traders of member firms. Simply making firms responsible for their employeees' actions was a less satisfactory method of investor protection than making the individuals themselves responsible, he said.

Mr George Nissen, a director of Morgan Grenfell, detailed TSA's plans for surveillance, enforcement, disciplinary, complaints and arbitration procedures. Provided they worked well, he said, there should be little need for problems to end up in court.

Deutsche Bank attacks Bonn tax plans

BY HAIG SIMONIAN IN FRANKFURT

"IT IS NOT just competition from outside; we now have to fight our own politicians as well," said Mr Rolf Breuer, a member of the managing board of Deutsche Bank, at a conference yesterday called to consider West Germany's planned new witholding tax on savings and investments, due to be imposed in 1989.

Mr Breuer, who is among the senior executives responsible for the bank's securities business, was extremely critical about the style in which the tax proposal was announced at the weekend.

He was particularly bitter about the damage done to Germany's standing as a growing international financial centre. "With a small plant, one has to be more careful, and that seems to have been utterly lost on our politicians," he said. "It is a sad business," Mr Breuer concluded.

Meanwhile, the finance ministry in Bonn has still not clarified the tax position of Deutschemark Eurobonds issued by the foreign subsidiaries of German borrowers.

"We have rough ideas about the law in general," said a finance ministry spokesman yesterday, "but we still have to evaluate all the details."

The ministry has already said that issues by German entities which have their "seat" and "business management" in Germany will come into the tax net. However, its lawyers and tax experts are still looking into the definition of both concepts in the context of the country's company law to see how issues by foreign subsidiaries might be affected.

The consensus in Frankfurt remains that foreign issues by German entities, like the Eurobond issues by the big banks from Luxembourg or The Netherlands, will not be affected.

However, there is still some doubt over the matter, and some bankers think that two points, the question of guarantees and the use of the proceeds of an issue, will be decisive. Even if offshore issues guaranteed by a German parent, which uses the funds raised for its own purposes domestically, are brought into the witholding tax regime, that should leave the country's leading banks with plenty of room for manoeuvre.

"It would just take a stroke of a pen to keep the proceeds of an issue offshore," said an executive at one leading German bank.

The question of double taxation treaties, regularly mentioned by the finance ministry as a way of calming foreign investors' fears, has also come under closer scrutiny. For example, West Germany has no treaty with Saudia Arabia, while investors in Liechtenstein would also be affected since they pay no domestic tax against which to offset any German witholding tax on their holdings of German securities.

Bankers have also been turning their attention to the treatment of swaps under the proposed new tax regime. Some think swap payments will not be affected, as payments can simply be netted off against each other. However, the banks are looking closely at the fine print.

There already suggestions that some may try to review their commitments - especially in cases where swaps have been booked on the basis of telexed cash flow projections and confirmations - where final documentation has still to be produced, well after the commencement of the transaction.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on October 14

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey National 7½ 92	200	89⅞	89⅝	−0¼	−1	10.65
All Nippon Air 9⅞ 97	200	90	90½	0	−0¼	11.04
American Brands 8⅞ 92	150	93⅛	93⅝	−0⅛	−1½	10.70
A/S Eksportfinans 7½ 93	100	86½	87¼	−0⅛	−1	10.45
A/S Eksportfinans 7⅞ 92	150	89⅝	90	+0⅛	+0⅛	10.35
Belgium 9⅛ 92	400	94¾	95¼	−0⅛	−1½	10.47
British Telecom 7⅞ 96	250	81½	82⅛	+0⅛	−0⅛	10.89
British Telecom 8⅞ 94	150	†91½	91⅞	0	−1	10.65
Campbell Soup 10½ 95	100	104⅞	104⅞	+1	−	9.65
Canada 9 96	1000	91¼	91¾	−0⅛	−1⅛	10.56
Canadian Pac 10¼ 93	100	†100	101	−0⅛	−1	10.60
C.C.C.E 7¾ 92	113	90	90½	−0¼	−0¼	10.19
C.N.C.A 7¾ 92	150	89⅛	89½	−0½	−0⅝	10.54
Coca-Cola Ent. 8⅞ 93	100	†95¾	96¼	−0⅛	−1½	9.95
Credit Lyonnais 9 91	200	96	96½	−0⅛	−1½	10.38
Credit National 7¾ 92	100	89½	90	−0⅛	−0⅝	10.29
Credit National 7¾ 97	150	89⅞	90⅜	−0¼	−1	10.26
Denmark 7¾ 92	500	88	88½	0	+0⅛	10.58
Denmark 8¼ 93	300	93⅞	93⅜	−0½	−1½	10.41
E.E.C 7 91	100	89¾	90¼	−0⅛	−0¼	10.06
E.E.C. 7¼ 93	250	86⅝	87¼	−0⅛	−1⅝	10.54
E.E.C 8¼ 96	100	85¼	85¾	−0⅛	−2⅛	10.90
E.I.B. 7¾ 93	100	87	87½	−0⅛	−1¼	10.52
E.I.B. 9¾ 97	150	†90⅞	90⅞	−0¼	−2	10.97
Finland 7⅞ 97	200	81¾	82⅜	−0⅛	−1⅝	11.05
Finland 7½ 93	200	86¾	87¼	−0⅛	−1½	10.56
Ford Motor Cred 11¼ 90	100	102½	103	0	−0¼	9.94
Gen Elec Credit 10¼ 00	200	†100¼	100⅞	+0⅛	−0⅛	10.14
G.M.A.C. 8¼ 89	200	†98⅛	98⅝	−0⅛	−0⅛	9.18
Hoechst 8¼ 97	100	84¼	84¾	+0⅛	−1½	10.94
Hoesch 7⅝ 92	100	92¼	92¾	0	−0⅝	9.50
Hoesch 7⅞ 94	300	87⅝	87⅞	−0⅛	−1½	10.63
Liberty Mutual 8½ 96	150	86⅛	86¾	−0⅛	−1½	10.96
L.T.C.B of Japan 8 91	100	92⅞	93⅛	−0⅛	−0⅝	10.33
L.T.C.B.of Japan 8 97	200	81¾	82¼	−0⅛	−1½	11.21
Mercds-Benz Cred 7½ 93	100	†89½	90	+0¼	−0¼	9.88
Mercds-Benz Cred 8¼ 97	100	94¾	95¼	−0½	−1¼	9.60
Mitsubishi fin. 7¾ 93	100	86	86½	−0¼	−1½	11.05
Mutual America 7⅞ 92	100	†90¼	90¾	−0¼	−0½	10.50
Norway 7⅛ 91	500	90⅞	91⅛	−0⅛	−1⅛	10.14
Pepsico Inc 7¾ 93	200	†86⅛	86⅝	−0½	−2	10.72
Prudential Crp. 8⅞ 94	125	†91	91½	+0⅛	−0¼	10.61
Qantas Airways 10⅛ 95	140	†97⅛	97⅝	−0⅛	−0¼	10.87
Republic of Italy 9 90	100	†97½	98	−0⅛	−2	9.91
Saab Scania 9½ 91	125	98⅛	98⅝	−0¼	−1⅛	10.06
Saskatchewan 10⅛ 92	100	100⅞	101¼	−0⅛	−1¼	10.42
State Bk S Aust 9¾ 93	100	†93⅝	94⅛	−0½	−1¼	10.79
Swedish Expt.Crd.7¾ 93	100	90⅛	90⅝	−0¼	−1⅞	10.18
Swed Exp Cred 10 92	100	98⅞	99⅛	−0⅛	−1¼	10.21
Sweden 7 91	250	90⅛	90½	−0⅛	−1	10.09
Sweden 7 92	200	89	89⅜	−0⅛	−1⅛	10.21
Sweden 8⅝ 96	200	88⅝	89⅛	−0¼	−1½	10.80
Sweden 8½ 92	200	93⅛	93⅝	−0¼	−1⅛	10.29
Taiyo Finance 7¾ 94	100	84⅞	85¼	−0⅛	−1⅛	11.18
Toyota Motor Cred 8 89	100	†97½	98	+0¼	0	9.44
Toyota Mtr.Cred.7½ 92	150	88⅝	89⅛	−0⅛	−1⅛	10.45
Victorian Rep 11⅛ 92	150	103⅜	103⅞	−0¼	−1	10.54
World Bank 7 92	300	†89	89½	0	−0⅛	10.19
World Bank 9 97	300	89⅛	89⅝	−0⅛	−1½	10.82
Yasuda Trust Fin 8½ 93	100	90⅛	90⅝	−0⅛	−1¼	10.83

Average price change... On day −0¼ on week −1⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Banking 5½ 92	150	95½	96	+0½	−0¼	6.57
Axis Fin.SVS 5⅞ 92	100	†98½	99	+0⅛	−0⅛	6.20
Bank of Greece 6½ 95	150	95⅛	96⅛	+1	+1⅛	7.25
Bank of Tokyo 5⅛ 93	100	†99	99½	−0⅛	+1	5.93
BMW 5¼ 96	200	88⅛	88⅝	+0½	0	7.08
Degussa Int. 6 1/8% 97	200	92½	93	+0⅛	+0¼	7.18
E.I.B 5⅞ 96	150	87¾	88	+0⅛	0	7.21
E.I.B 6 97	300	93⅞	94⅛	+0⅛	+0⅞	6.89
E.I.B. 6⅛ 96	300	94½	94⅞	+0½	+0⅛	6.98
E.I.B. 6⅛ 97	400	93½	94⅛	+1⅛	+1	7.02
E.I.B. 6⅞ 95	300	100	100⅛	+0⅛	+0⅞	6.81
Euro.Coal& Steel 5⅞ 97	175	91⅞	92⅛	+0⅛	+0½	7.03
Eurofima 6⅛ 96	100	95⅞	96⅛	+0⅛	+1½	6.85
Elec De France 5⅞ 97	300	89⅞	90⅛	+0⅛	+0⅛	7.18
Hoesch Int'l Fin.7 95	100	99⅞	100⅛	+0⅛	−0⅛	6.95
I.A.D.B. 6 97	200	91⅛	92⅛	+0⅛	+0⅛	7.17
IBJ 5⅞ 96	200	89⅞	90⅛	+0⅛	+0⅞	7.18
Japan Finance 5⅞ 97	100	90⅛	90⅞	+0⅛	+0⅞	7.17
Ireland 6½ 97	300	†94⅞	95⅛	0	−0½	7.22
Korea Dev BK 6⅛ 93	100	98⅛	99⅛	−0⅛	−0⅛	6.83
Malaysia 6¾ 97	150	96	96½	+0½	0	6.96
Mitsubishi Met 3⅛ 89XW	100	95⅛	96¼	−0⅛	0	5.16
Portugal 5⅛ 92	150	97⅞	98⅛	0	−0⅛	6.24
Portugal 6⅛ 95	150	97⅞	98⅛	+0⅛	−0½	6.92
Royal Insurance 5½ 92	300	†99⅞	100⅛	+0⅛	0	5.49
Statoil 6⅛ 97	200	†91¼	92¼	+0⅛	−0½	7.45
Soc Cent Nuclear 7⅛ 95	150	102⅞	103⅛	+0½	−0⅛	6.77
Societe Cent Nuclear 8 91	100	104⅞	105⅛	0	+0⅛	6.50
Sumitomo 5⅛ 96	100	93⅞	94⅛	−0⅛	0	6.39
Tokyo Elec. Power 6 97	300	†91	91½	+0⅛	+0⅛	7.31
World BK. 6⅛ 97	600	†94⅛	94⅞	+0⅛	+0⅛	7.31

Average price change... On day +0⅛ on week +0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev.Bk. 5⅞ 96	100	††100¼	100⅞	0	+0⅞	5.58
AMR Corpn. 5⅛ 01	200	†88½	89	+0⅛	−0½	6.52
Asfinag 5 02	150	†94	94¼	+0⅛	−1⅛	5.56
Bayer W/W 2⅞ 02	250	†112½	115⅛	+1⅛	−0⅛	1.38
BBL W/W 2⅞ 97	100	†98½	99½	−0⅛	−0⅛	2.87
Elec.De France 5 07	100	*†97⅛	97⅞	0	0	5.19
E.I.B. 4⅞ 97	200	†94½	95⅛	+0½	0	5.44
E.I.B. 4⅞ 97	200	†93½	94⅛	−0⅛	0	5.47
[illegible] 5 99	100	*†98⅛	98⅛	0	+0⅛	5.17
Ireland 5 02	150	*†92	92½	0	−1	5.79
Newfoundland 5⅛ 02	150	†99⅞	100	+0¼	+0⅛	5.14
[illegible] 6 92	75	†102⅞	103	+0⅛	−0⅛	5.26
Prov.of Manitoba 4⅞ 02	200	†93⅞	94½	0	−0½	5.54
Prov. of Quebec 5 03	200	†95⅞	96⅛	+1	−1	5.39
Qantas Airways 4⅞ 97	110	†91⅞	92½	−0⅛	−2⅞	5.82
SNV Holdings 4⅞ 94	100	†98⅛	99	−0⅛	−0⅛	4.99
[illegible] 4⅞ 97	100	*†96	96½	0	−0¼	5.25
TXT 5 93	100	†99⅞	99½	0	−0½	5.10
[illegible] 4⅞ 92	120	†95½	96	−0⅛	−0⅞	5.51
World Bank 5 02	200	*†92⅛	92	0	−1⅛	5.84

Average price change... On day +0⅛ on week −0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Belgium 4⅞ 94	45	90½	90⅞	−0⅛	−0⅛	6.40
E.I.B 4⅞ 94	40	91	91½	0	+0¼	6.31
Elec. De France 5⅛ 94	20	93½	94	−0⅛	−0⅛	6.33
Kansai Electric 4⅞ 94	60	91⅛	91⅝	0	−0¼	6.26
Norway 4⅞ 92	60	92⅞	93⅛	+0⅛	+0¼	6.04
S.N.C.F. 4⅞ 93	20	93⅞	94¼	0	−0⅛	6.18
Sweden 5⅛ 95	20	95½	96	0	0	6.32

Average price change... On day 0 on week 0

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
A/B Electrolux 14½ 90 A$	50	102⅞	103⅜	+0⅛	−0¼	12.89
American Brand 9½ 94 £	50	94	94½	−0¼	−0¼	10.79
American Express OC 10 94	40	97	97½	0	+0⅛	10.58
Bergen Bank 15 90 A$	50	†101½	102½	+0⅛	−0⅛	13.83
BP Capital 13⅛ 92 A$	75	102¾	103⅜	−0⅛	−0⅛	12.83
Chrysler Crp 10 91 C$	75	96¾	97¼	−0⅛	−0½	10.27
C.O.E. 8⅞ 95 LF	600	103⅞	104⅞	−0⅛	−0½	8.11
Creditanstalt 14⅛ 90	60	102⅛	103	+0⅛	−0⅛	12.82
Denmark 7¾ 92 ECU	100	98⅛	98½	+0⅛	+0¼	8.23
DG Fin. Co. 13¾ 90 A$	50	102⅞	103¼	−0⅛	0	12.43
DG Fin. Co. 14 90 A$	75	103⅛	103⅝	−0⅛	−0⅛	12.47
DG Finance 14⅛ 92 A$	50	†106	106½	+0⅛	−0¼	12.42
Deutsche Bank 9⅞ 97 £	75	94⅞	95⅜	−0⅛	−0⅛	10.70
Deutsche Bk.14¼ 92 A$	100	103⅞	104⅛	−0⅛	−2¼	12.86
Dresdner Bk.13⅞ 91 A$	100	101⅛	101⅛	−1⅛	−2¼	13.25
E.I.B 7⅝ 91 ECU	100	97	97⅛	+0¼	−0⅛	8.20
E.I.B 8⅝ 93 LF	1000	†105	104	0	+0¼	7.78
Euratom 7⅞ 97 ECU	145	87⅞	88⅛	+0½	−0⅞	9.34
Finland 6 91 FL	100	98⅛	98¾	−0⅛	−0½	6.42
Ford.Mtr.Cred.13⅞ 91 A$	75	101⅝	102⅛	0	0	13.09
G.M.A.C. 9 92 £	50	95⅞	96⅛	−0⅛	+0¼	10.13
G.M.A.C. 9¼ 92 C$	75	95⅛	96	−0¼	−0⅛	10.47
G.M.A.C Aus.Fin.14 90 A$	50	101½	102⅛	0	−0¼	13.13
Halifax BS 10⅛ 97 £	100	†95⅞	95⅜	−0½	−0¼	11.15
Helaba Fin. 13⅞ 96 A$	75	102⅞	103⅛	0	+0¼	12.73
Imp Chem Inds 10 05 £	100	93	93⅞	−0⅛	0	10.92
Inv.In Ind.Intl 10 93 £	60	96¾	97⅛	−0¼	−0⅛	10.72
Land Securities 9½ 07£	200	†81	81½	−0⅛	−1	12.01
Leeds B.S 10⅛ 91 £	50	98½	99½	−0⅛	+0¼	10.86
Mort.Bk.Denmark 6 92 FL	150	98	98½	+0¼	+0¼	6.49
Nat.Australia 14 92 A$	50	101⅝	102⅛	0	0	−0.25
Nationwide BS 10⅛ 93 £	75	96½	97	−0⅛	0	10.91
New Zealand 7⅞ 93 ECU	200	93½	94⅛	+0⅛	−0⅛	9.25
Oesterr.Kntrl.13⅞ 94 A$	75	102¼	102⅞	+0¼	+0¼	13.03
Prudential Fin.9⅞ 07 £	150	85⅞	86½	−0⅛	−0¼	11.16
Royal Ins 10⅛ 92 £	60	101	101½	−0¼	−0¼	10.39
Royal Trustco 10⅛ 90C$	75	†98⅛	98⅞	0	+0⅛	10.89
Sainsbury J 10⅞ 93 £	60	100⅞	101	−0¼	+0⅛	10.69
S.D.R. 7¼ 95 ECU	90	92½	93⅛	+0⅛	−0¼	9.12
Trusthouse Forte 11¼ 90£	50	101⅛	101⅞	−0⅛	+0⅛	10.34
Thyssen 7¼ 90 FL	50	101⅝	102⅛	+0⅛	−0⅛	6.51
Wescanen 6¼ 90 FL	50	101¼	101¾	0	−0⅛	6.18
World Bank 11¼ 95 £	100	102⅞	103⅛	0	−0⅛	10.65
World Bank 13⅛ 92 A$	100	101½	102	−0⅛	−0⅛	12.82

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn
Alberta 3 93	.0312	100.01	100.11	11/06	6.14
Alliance & Leic.Bld 94 £	.08	99.04	99.09	20/04	9.89
Belgium 97	0	99.62	99.72	19/02	6.69
Britannia 5 93 £	0⅛	99.59	99.64	8/04	10.06
Chase Manhattan Corp 97	0¼	98.93	99.35	20/08	6.56
Citicorp 98	†0¼	97.85	98.10	27/02	6.63
Credit Lyonnais 5 00	10⅛	98.50	98.60	13/07	6.19
EEC 3 92 DM	10	99.81	99.86	20/02	4.19
Halifax BS £ 94	.1	99.33	99.38	6/05	8.97
Midland Bank 01 £	.1	97.11	97.21	9/05	8.91
Milk Mkt.Brd. 5 93£	0⅛	99.43	99.48	30/03	10
New Zealand 5 97 £	.07	99.38	99.48	16/05	11
New Zealand 5 01	0	99.02	99.12	4/08	6.31
Shearson Lehman Hlds 91	10⅛	99.40	99.45	6/05	7⅛
United Kingdom 5 92	0	100.02	100.08	7/04	6.31
Woodside Fin. 5⅛ 97	0	99.56	99.66	28/04	7.06
Woolwich 5 95 £	0⅛	99.41	99.46	19/05	10.62

Average price change... On day −0.01 on week −0.06

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Alcoa 6¼ 02	8/87	62.	115	116	0	20.60
Alco Health 6¼ 01	7/86	26.25	86¼	87¼	0	34.72
American Brands 7¾ 02	9/87	56.7	111¼	112¼	+0¼	13.65
American Can Co. 5½ 02	4/87	66.75	90	91	0	27.18
Ashikaga Bank 2⅛ 02	4/87	996.	114⅛	115⅛	+0⅛	2.87
Asics 5 92 DM	12/83	472.	157¼	158⅛	+1	4.69
CBS. Inc. 5 02	4/87	200.	113	114	+2½	4.01
Chiba Bank 2⅛ 02	3/87	890.	185⅞	187¼	+0⅛	6.77
Fuji Hvy Inds 3 00	8/85	676.	167¼	168½	−2¼	−0.92
Fujitsu 3 99	5/84	1109.	219⅞	220⅞	+0¼	0.82
Gunma Bank 2⅛ 02	4/87	808.	134⅛	135⅛	+2⅞	2.28
MCA INC 5½ 02 U$	19/87	69.62	94½	95½	+0¼	−31.86
Minolta Camera 2¼ 94DM	2/86	1105.	96¼	98¼	+0¼	50.54
Mitsui trust 2⅞ 01	10/86	1990.	137¼	139⅛	+0¼	2.72
Next PLC 5⅞ 03 £	11/87	4.3	104⅞	105⅞	−0½	26.62
Nippon Elec 2⅞ 00	2/85	1295.	335⅞	336½	−5⅞	−7.50
Oki Elec Ind 3⅛ 99	10/84	865.	186¼	188⅛	−3⅛	1.18
Omron Tateisi 2⅞ 02	4/87	1950.	162⅞	163⅞	−3	1.16
Redland 7¼ 02 £	3/87	5.5	108⅛	109⅛	−0⅛	13.59
Yokohama Bank of 2⅛ 01	10/86	1045.	170	172	+3⅛	6.73
W.R. Grace 6¼ 02 US	9/87	84.25	98	99	+0¼	26.70

* No information available-previous day's price

† Only one market maker supplied a price

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡three-month; §above mean rate) for US dollars. C.cpn=The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv date=First date of conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Chemicals boost H & C to £35.6m

BY DAVID WALLER

A strong performance from its chemicals division helped Harrisons & Crosfield, the plantations to palm oil conglomerate, muster a 39 per cent increase in pre-tax profits in the six months to the end of June.

Harrisons, which has in recent years been restructuring itself against a background of falling commodity prices, generated taxable profits of £35.6m in the first half on turnover up £20m to £778m.

On Tuesday, the group announced the appointment of Mr David Hopkinson, the outspoken former chief executive fund managers M&G, as deputy-chairman. Yesterday, the it took a further step towards improving its image in the City by holding its first ever press conference.

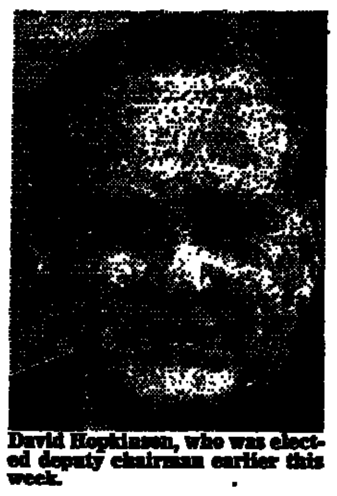
Mr George Paul, chief executive, said yesterday that the results reflected the group's heavy investment in chemicals over a number of years and its decision to focus on its core activities.

Profits from the chemicals division rose by £3.5m to £18.4m, 40 per cent of total operating profits of £45m. Manufacturing - of chromium and iron oxide - was credited with doing particularly well.

The second largest contribution to profits came from the 85,000 hectares of plantations under the group's management. Improved palm oil and rubber prices caused a 64 per cent rise in profits to £8.7m.

Mr Paul said that the proportion of profits from plantation would continue to drop, thus reducing the group's exposure to volatile commodity prices. "But plantations will remain a major earner for the group," he stated.

Pauls, which the chief executive claimed to be the most profitable and efficient malt company in Europe, made £7.7m as against £7.9m in the comparable period last year. Mr Paul attributed the decline to the allocation of head office costs. The result included no contribution from Associated British Maltsters, bought from Dalgety for £29m in July.



David Hopkinson, who was elected deputy chairman earlier this week.

General trading showed a decline of £200,000 to £2.7m, although this represents a recovery from the second half of last year when it made only £600,000. Reflecting the housing boom in South East England, timber and building supplies improved from £4.3m to £6.2m.

Some 20 per cent of turnover originated from the US. Although the proportion of profit was not disclosed, Harrisons said that its US earnings were protected by accumulated tax losses.

This helped the tax charge decline as a percentage of taxable profits and earnings per share rose by 48 per cent to 18p. The interim dividend was raised from 4.5p to 10p - partly to eliminate the traditional imbalance between first and second half payments. For the full year, the dividend will be no less than 24p, against 22p last year.

see Lex

UEI surges to £11m and orders at record

SUBSTANTIAL progress in healthy markets had sustained an even handed growth throughout UEI the directors said yesterday announcing a 55 per cent increase in pre-tax profits from £7.16m to £11.06m for the six months to July 31.

Turnover of this electronics and engineering group rose from £50.61m to £70.67m and the operating profit from £8.26m to £11.73m; interest charges were sharply lower, down from £1.1m to £650,000. After deducting tax of £4.15m (£2.27m) and minority interests of £70,000 (nil), net earnings per share came out at 10.5p (8.4p). There were no extraordinary items this time (£500,000).

The interim dividend is increased from 2.1p to 2.3p.

About half of profits came from Quantel, with the balance evenly distributed between the other divisions. Around 65 to 70 per cent of the group's business was done internationally, 25 per cent of it in the US.

At the present level of business, the directors said, the group looked forward to the full financial year with confidence. Order books were full and at an all-time high.

Earlier this year UEI acquired Miles 33 for some £26m and full benefits of this acquisition will be coming through in the second half year.

● comment

UEI's Paintbox may be revolutionising video art but analysts were certainly already in the picture about these figures. and their full year forecasts did not shift from £25m. The shelving of the proposed merger with Oxford Instruments now appears to be a positive boon; although the acquisitions of Miles 33 and SSL contributed substantially to these figures, the company now intends to concentrate on organic growth. There is plenty of that around, with even Cosworth racing ahead - its engines just won their tenth Indianapolis 500 - and growth of 20-25 per cent looks sustainable in the medium term. At 505p, the shares seem to take account of that growth; the prospective p/e is around 22. However the group is shifting towards the printing sector which may well give it greater long term security than broadcasting, despite Paintbox's wonders.

Spirax-Sarco jumps to £8m midway

Spirax-Sarco Engineering, which had a fairly static 1986 year, yesterday reported a £1.07m improvement in pre-tax profits to £7.98m for the half year ended June 30.

Turnover rose from £43.79m to £46.31m and at the trading level profits pushed ahead from £6.61m to £7.59m. Mr Jim Parsons, chairman, said the profit margin of 16.4 per cent (15 per cent) reflected the improvement seen in the second half of 1986.

He added that the improved level of order intake achieved in the opening half year had continued through the third quarter - the group is an international specialist in fluid control equipment.

First half tax accounted for £2.96m (£2.7m), the allocation to the share ownership scheme £155,000 (£134,000) and minorities £101,000 (£126,000).

Earnings per share amounted to 6.7p (5.6p). The interim dividend is lifted from 1.5p to 1.7p.

Mr Parsons said the group increased its share in a number of markets around the world and continued to benefit from its expanding product range and from the capital investment programme.

Although the steam speciality market in the UK and Europe remained quiet, the US and Canadian operations achieved growth in business.

Elsewhere, in particular South Korea, most of the Spirax Sarco operations showed good improvements both in business levels and profitability.

The Drayton business continued to perform strongly in the UK heating control market and again achieved increased profits.

● comment

Demand in Spirax-Sarco's markets for steam speciality products remained dull during the first half but the group showed its customary skill in wringing more blood out of the stone. Although the contribution from UK and Europe was little changed, two years of heavy spending on marketing in the US and Canada levelled off and the group began to reap the rewards in the form of increased market share, with a consequent boost to margins. Exchange rates, meanwhile, remained broadly neutral, with the strength of European currencies balanced by the weakness of the dollar. For the full year, analysts are looking for £18.75m, producing a price/earnings multiple of 15 at yesterday's 235p. The modest premium to the sector reflects the company's 20 consecutive years of trading profits growth, though the slightly stodgy nature of the progress makes the shares relatively dull performers in a bull market.

Abbey Life encouraged by opening six months

Abbey Life Group, the UK life and financial service company, yesterday announced a 20 per cent increase in its interim dividend.

It also reported that the growth rate in new initial commissions had accelerated in the third quarter from the 15 per cent recorded in the first half of 1987, with the agency division leading the way.

Mr Michael Hepher, the chairman, said: "Sales of regular premium life products have been particularly buoyant, helped by continued growth in our mortgage business and more latterly Living Assurance."

Living Assurance, launched in June, pays out a capital sum not only on death but also on the diagnosis of certain severe illnesses.

The interim dividend is 3p, up from 2.5p in 1986. The increase was somewhat ahead of analysts' expectations yet despite this and the statement on third quarter commission growth, the shares fell yesterday in a weak market, to close at 335p, down 7p.

Mr Hepher said that progress in the year to date had been most encouraging.

Premium income for the half year rose by 6 per cent to £221.9m (£208.6m), while life funds improved by 19 per cent to £2.63bn from £2.2bn. New initial commissions amounted to £26.7m, against £22.3m. Mortgage advances totalled £78.6m (nil).

Newmir/Microlease

Newmir, the private company formed to carry out the management buy-out of Microlease, the USM-quoted leasing group, now has 40 per cent of the company. It is waiving all conditions to the bid save that it achieves more than 50 per cent acceptances by November 2.

Yearling bonds

Yearling bonds totalling £1.85m at 10.5%, redeemable on October 19 1988, have been issued by the following local authorities- Tamworth (Borough of) £0.25m : Preseli District Council : £0.25m : Wansbeck District Council £0.3m : West Lancashire District Council £0.25m.

Motor parts growth plus interest cut lift Guthrie

THE VIRTUAL elimination of interest charges together with strong growth on the automotive components side was reflected in a jump in pre-tax profits of Guthrie Corporation from £6.68m to £9.32m in the six months ended June 30 1987.

Mr Jock Green-Armytage, managing director, said it was the strong cash flow from the group's trading operations, together with the proceeds from the flotation last year —Guthrie returned to the market in June 1986 as a diversified industrial holding company, the plantation interests having been sold off —enabled the elimination of interest charges

However, operating profits also showed further growth rising 13 per cent on turnover which was up by 9 per cent to £162.4m (£148.7m).

The automotive components division sustained the strong performance it produced last year. The anticipated slowdown in sales at Butler Metals was more than offset by strong demand for the plastic components produced by Butler Polymet.

Profits were maintained in the aviation services division , and the purchase of two more airport fixed base operations – at St Petersburg, Florida and Austin, Texas will further strengthen Page's fixed base network. Approval has been given by the Federal Aviation Administration for the noise reduction nacelle programme for DC8 aircraft and production and installation of nacelle kits has commenced.

As in previous years the electrical equipment division is expected to earn the bulk of its profits in the second half of the year. Ajax has made further progress following measures taken last year to reduce costs and, at Trench, the order book remains strong.

Elsewhere, the fire protection division recovered well from the sharp downturn in the second half of 1986 and in textiles and floor coverings, the Australian companies started the year well and Duralay continued to strengthen its position in the UK underlay and carpet accessories markets. Improved results from Guthrie (Malawi) were reflected in the performance of the trading division.

The company are paying a first interim dividend of 2.3p since returning to the market. After tax of £2m (£1m) and minority interests of £12,000 (£61,000) the attributable profit was £7.3m (£5.62m) to give earnings of 8.9p (7.9p) per share.

● comment

Guthrie is an "accidental", rather than a "designer" conglomerate - being essentially the bits left over from the old plantation group. That makes its progress more, rather than less, impressive - its growth has had to come organically instead of from acquisitions. Although the mix of the group is a bit of a ragbag, there are two divisions - fire equipment and electricals - where recovery is underway. And the company has shown, in the automotive components division, what it can do to improve margins. There is plenty of scope to boost returns throughout the group and with the balance sheet healthy, Guthrie can also afford to make some bolt-on acquisitions, despite the fact its paper is hardly highly rated. Assuming £22m this year, the shares are on a prospective p/e of just under 13. Although the tax charge is due to edge up, the shares appear to be under-rated compared with some of the fancy p/es in other sectors.

Minty takes stake in SPS and receives £14.4m offer

BY DINA MEDLAND

Minty, Oxford-based furniture manufacturer, has bought just under 9 per cent - 447,500 shares - of office-planning consultant Space Planning Services.

In April, Minty was the subject of an agreed £2.72m bid by a consortium headed by Mr Philip Haigh, who became chief executive. Mr Simon Fussell, chairman and chief executive of Priest Marians, property investment and development group, also joined the board as non-executive chairman.

Priest Marians yesterday made a bid for Minty at 550p per share, which would value the company at £14.4m. Minty was confident, however, that an agreed takeover, likely to go through by the end of November, would value the company at about £13m.

The stake in SPS was "a commercial investment", according to Minty, and SPS has been told by Mr Haigh that the Minty shareholding was a "friendly, supportive one".

Mr Haigh is also managing director of the Architectural Trading Company, which has activities complementary to office design.

"We will be looking for an invitation to meet once the bid (by Priest Marians) goes through. We may even extend one ourselves if it does not come," Mr John Ewan, SPS finance director, said.

Mr Jim Prower, Minty's finance director, doubted whether his company would be looking for another merger "at this stage", but said SPS provided "an excellent entry into the growth area of the contract-furniture market".

SPS made pre-tax profits of £181,000 in the second half of the year ended June 30, to make a total of £286,000 from its first full year on the Unlisted Securities Market. Turnover for the year was £2.01m (£2m).

Public Works Loan Board Rates

Effective October 14

Years	Quota loans repaid by EIP† %	Quota loans repaid At‡ %	Quota loans repaid at maturity§ %	Non-quota loans A* repaid by EIP† %	Non-quota loans A* repaid At‡ %	Non-quota loans A* repaid at maturity§ %
1	—	—	10⅜	—	—	11⅛
Over 1 up to 2	10⅜	10⅜	10⅜	11⅜	11⅜	11⅛
Over 2 up to 3	10⅜	10⅜	10⅜	11⅜	11⅜	11⅛
Over 3 up to 4	10⅜	10⅜	10⅜	11⅜	11⅜	11⅛
Over 4 up to 5	10⅜	10⅜	10⅜	11⅜	11⅜	11⅛
Over 5 up to 6	10⅜	10⅜	10⅜	10⅞	10⅞	10⅞
Over 6 up to 7	10⅜	10⅜	10½	10⅞	10⅞	11
Over 7 up to 8	10⅜	10⅜	10½	10⅞	10⅞	11
Over 8 up to 9	10⅜	10⅜	10½	10⅞	10⅞	11
Over 9 up to 10	10⅜	10⅜	10½	10⅞	10⅞	11
Over 10 up to 15	10½	10½	10¼	11	11	10¾
Over 15 up to 25	10⅜	10¼	10⅛	10⅞	10¾	10⅝
Over 25	10¼	10⅛	10⅛	10¾	10⅝	10⅝

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

UK COMPANY NEWS

CRH spends £56m in Spanish deal

BY ANDREW TAYLOR

CRH, the Irish Republic's sole cement manufacturer, has beaten off strong French and British competition to make its first acquisition in the rapidly expanding Spanish construction market.

The group, which will this year earn more than 70 per cent of its operating profit from overseas, yesterday announced it had acquired Catalan Concrete Group from Fuerzas Electricas de Cataluna, the troubled Barcelona-based electrical utility.

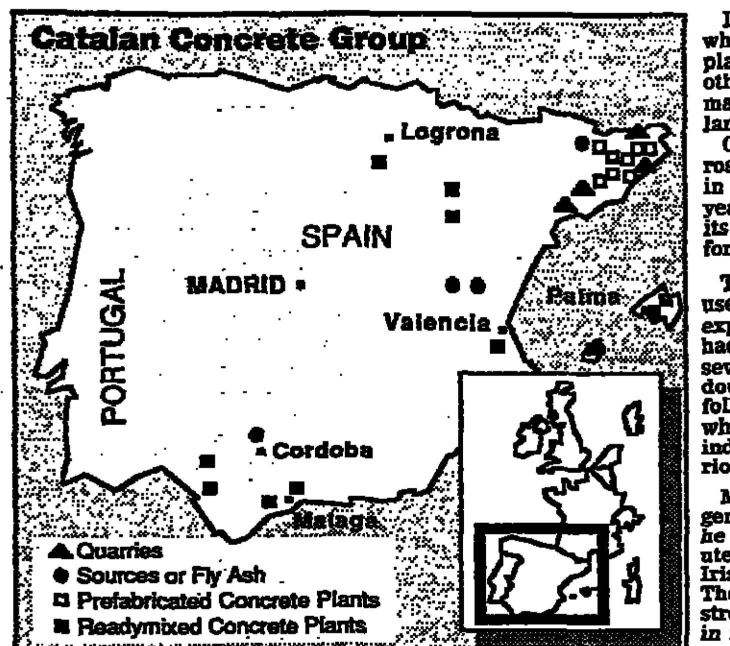
The purchase price, including the acquisition of debts of I£22.2m, was I£62.6m (£56.4m).

Lafarge Coppee, France's biggest cement manufacturer, Societe des Ciments Francais, France's biggest aggregates producer, and Steetley, the fast-growing British building materials group were also understood to have submitted bids for Catalan, which was sold by auction.

Fuerzas Electricas de Cataluna (FECSA), which last week announced it was close to reaching an agreement with creditors on rescheduling more than Pta 617bn (£3.1bn) of borrowings, was advised by the London mergers and acquisitions team of Merril Lynch, the US investment bank.

Catalan Concrete supplies just under a third of all ready-mixed concrete sold in Catalonia, the industrial north-east region of Spain which includes Barcelona where the 1992 Olympics Games is due to be held.

CRH, formerly known as Cement Roadstone Holdings, claimed that the region would become one of Europe's most exciting construction markets during the next five years, with £1.3bn expected to be invested in the Olympics alone.



Other construction-related expenditure planned for Spain included £2.4bn proposed for the 1992 Seville Expo in the south of the country and £800m to be spent on Spain's motorway network between 1988 and 1991.

Construction activity has been boosted by the improvement in the Spanish economy and by the sharp increase in foreign investment in the country since it joined the European Community.

Foreign investment in Spain rose from just over £1.82bn in 1985 to more than £4.9bn last year. Barcelona, with its strong base in pharmaramaceutical, electrical and textile industries with good communications to the south west France, has been a major benificiary CRH says.

Catalan Group in addition to its ready-mixed concrete interests also produces aggregates, pre-fabricated concrete products and is a leading supplier of fly-ash - a residue produced at coal-fired power stations which is increasingly being used internationally to improve the performance of, and reduce the amount of cement used in concrete.

Its principle base is Catalonia where it operates from 49 plants. The company also has 11 other plants on the Spanish mainland and the Balearic Islands.

Operating profits of the group rose to I£4.1m on sales of I£24m in the first six months of this year. This compared with profits of I£3.8 and sales of I£36.5m for the whole of last year.

The high cost of borrowings used to finance the company's expansion meant that the group had incurred a pre-tax loss for several years up to 1986. It has doubled its capacity since 1982 following a decade during which the Spanish construction industry suffered a long and serious decline.

Mr Harry Sheridan, CRH's general manager-finance, said he expected Catalan to contribute about 10 per cent of the Irish group's operating profit. The Spanish company would strengthen CRH's involvement in mainland Europe where the group had been rather weak and where it expected to make other acquisitions.

To help finance the deal, CRH planned to raise I£37.6m (£33.8m sterling) through a placing of 18.8m shares at I200p (179.5p sterling). The Irish group also recently announced the purchase for $22m of Big River Industries, the US building materials group based in Baton Rouge, Louisiana.

CRH says that following these purchases the US would be expected to provide about a third of operating profits compared with just over 20 per cent each from the UK, mainland Europe and the Irish Republic.

William Low share price rises as stake is revealed

BY MIKE SMITH

SHARES IN William Low & Co, the Scottish supermarket group, rose 66p to 806p yesterday after Rainbow Corporation, the New Zealand investment company, revealed a 5.17 per cent stake.

Rainbow, which has retailing interests in New Zealand and Australia, said it would not rule anything out regarding its future intentions concerning Low.

"It is early days yet," said Mr Stuart Mitchell, chief executive (UK). "We identified Low as an undervalued company. We will have to wait to see how things go before we decide on the next step."

Rainbow, which has a £60m investment portfolio in the UK, has never launched a full takeover bid in Britain. However, analysts expect a more aggressive stance following the planned takeover of Rainbow by Brierley Investments, the acquisitive New Zealand company headed by Mr Ron Brierley.

At yesterday's close Low was capitalised at more than £105m. Mr Harvie Findlay, finance director, said yesterday that the company had been the subject of considerable speculation during the last few years. "On this occasion there may be more to it," he said.

Low had had no contact from Rainbow, other than the notification of the share purchases.

Yesterday's developments follow a period of hectic activity in the UK food retailing sector. Since the start of the year Safeway has been taken over by Argyll in a £681m deal, Tesco has acquired Hillards, the Yorkshire supermarket group, after a fierce takeover battle and Dairy Farm, a Hong Kong company, bought a stake of nearly per cent in Kwik Save, another supermarkets company.

Low reported interim pre-tax profits of £3.44m last April, against £3.02m. Analysts are expecting about £8m when full-year results are reported within the next month.

Although Rainbow was keeping its options open yesterday Mr Mitchell said that the Low share price had reacted "in a ridiculous way. We would be struggling to buy more shares at these levels."

In New Zealand, the Brierley bid for Rainbow has already received the assent of the majority of Rainbow's shareholders and the company expects the offer to be finalised in December.

In the UK Brierley Investments has recently been involved in takeover battles for Molins, the engineering group, and for Equity & Law Life Assurance. It won control of neither.

Boddington rejects bid by Midsummer Leisure

BY LISA WOOD

Boddington Group, the Manchester-based brewer yesterday rejected a take-over approach by Midsummer Leisure, the fast growing discotheques, public house and snooker club business.

Midsummer Leisure earlier this week proposed to offer 7 Midsummer shares for every 15 Boddington. No cash alternative was given.

Boddington said yesterday that it had considered the proposal with its financial advisers, Kleinwort Benson. It said:" The board of Boddington sees no merit in the proposal and could not recommend it."

Boddington said the Whitbread Investment Trust and Britannic Assurance, who with the board hold some 34 per cent of the ordinary share capital, had also indicated that they supported the board in rejecting the proposal.

Midsummer Leisure, which holds a 2.1 per cent stake in Boddington, was not available for comment last night and it is unclear whether or not it will proceed with a hostile bid for Boddington.

Boddington, which celebrates its 100th anniversary as a public company next week, owns some 560 public houses and is the brewer of a cult ale, Boddingtons. In the last few years the group has been criticised for not expanding more quickly into growth areas, such as lager and catering. Midsummer Leisure is an aggressive young company built up by Mr Adam Page and Mr Paul Reece who bought CAMRA (Real Ale) Investments in 1984.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres-ponding div	Total for year	Total last year
Abbey Life	int	3	-	2.5	-	8
Allebone	int	0.75*	Dec 4	0.25	-	1.5
Bray Tech.§	int	1.2	-	1.1	-	3.45
Cradley Print	fin	0.6	Jan 8	0.55*	0.6	0.5*
Eleco Hldgs	fin	3.5†	-	3.1	5.5	4.6
Guthrie Corpn	int	2.3	-	-	-	3.2
Harrisns & Crsfd	int	10	-	4.5	-	22
Helene of London	int	0.5†	Dec 31	0.5	-	1.63
London & Assoc	int	0.15	Jan 4	0.15	-	0.35
Pochin's	fin	12	-	10	16	14
Radamec§	int	0.5	-	-	-	0.32
Spirax-Sarco	int	1.7	Dec 12	1.5	-	5.7
Tay Homes§	fin	4.43†	-	3.71	6.2†	5.25
Tudor§	int	1.5	Dec 16	1	-	4
Turriff Corp.	int	3.3	Jan 4	nil	-	8.5
U.E.I	int	2.3†	Dec 3	2.1	-	5.9

COMPANY NEWS IN BRIEF

WILLIAM COLLINS: The recent rights issue of 5.15m new ordinary and 12.1m new ordinary "A" shares was taken up respectively as to 95.3 per cent and 94.1 per cent. The acquisition of 50 per cent of the Harper and Row Group is expected to be completed shortly.

PARKWAY GROUP: Company has conditionally agreed to purchase Blackburn Print for an initial £620,000 to be satisfied by £250,000 cash and by the issue of 100,000 new ordinary.

A.F. BULGIN: Ogata AG no longer holds a disclosable position in the ordinary stock units

ML HOLDINGS: Of the 4,198,372 shares offered to shareholders at 180p in connection with the acquisition of Wallop, applications have been received for 3,984,677 shares, or 95 per cent of those on offer.

EAGLE TRUST looks set to win control of Samuelson Group, for which it launched a £48m bid on Monday. Yesterday it bought a further 120,000 shares in the television and film services company, and together with irrevocable undertakings it has received, Eagle will be the beneficial owner of 50.01 per cent of the company.

Pochin's profits rise to £1.42m

Pochin's, builders and civil engineering contractor, raised its turnover from £21.74m to £26.68m in the year to end-May 1987 and for the period saw its profits rise by £580,000 to £1.42m pre-tax.

Tax took £376,806 (£230,400) leaving earnings per 25p share at 99.88p (58.16p). A final dividend of 12p lifts the total from 14p to 16p.

London & Assoc rises at midway

London & Associated Investment Trust yesterday reported pretax profits up from £240,000 to £371,000 for the six months to June 30 1987, but the interim dividend is unchanged at 0.15p net.

Next June the company celebrates its 50th anniversary as a publicly listed company, and the directors are expected to mark the occasion with a special Golden Jubilee scrip of bonus shares.

Turnover in the opening half was up from £496,000 to £663,000.

Bisichi Tin

The Bisichi Tin Company, with interests in mining, property and investments, returned pretax profits of £73,000 for the first half of 1987, little changed on last time's £70,000. Turnover totalled £140,000 against £136,000.

Tax took £20,000 (£21,000) but an extraordinary credit of £117,000 (debit £6,000) lifted retained earnings to £170,000 (£43,000). Earnings per 10p share amounted to 0.81p (0.75p).

Yule's Dutch buy

Yule Catto has acquired Nijs en Vale, a leading Dutch manufacturer of architectural facade systems, based in Nijmegen. The purchase consideration of Fl12m (£3.6m) includes the simultaneous acquisition of a related company engaged in the manufacture of sunblind systems for commercial applications.

The acquisition consolidates Yule Catto's presence in the Netherlands, following last year's acquisition of Bik Bouwprodukten, the foremost Dutch manufacturer of rooflights.

Dowty's purchase takes spending to over £100m

BY TERRY DODSWORTH, INDUSTRIAL EDITOR

Dowty, the diversified UK aerospace and electronics group, concluded its fifth acquisition of the year yesterday when it paid £24.3m ($40.1m) for Datatel, a US telecommunications equipment manufacturer.

The deal, which is being financed by a vendor placing, means that Dowty has spent approximately £100m this year on takeovers involving all five divisions of the company - its activities in aerospace, electronic systems, information technology, mining and industrial equipment.

Datatel, based in New Jersey, has achieved rapid growth in recent years in the fast-expanding market for multiplexers and modems, electronic devices which are fitted to telephone lines to increase traffic capacity and encode messages.

The company develops its own products, and is expected to make pre-tax profits of around $3.6m this year on sales of $20m against profits of $1.8m in 1986 on turnover of $12m.

Dowty placed the 9.3m new shares that are being issued, the equivalent of 4.3 per cent of its enlarged capital, early yesterday. The UK company has also agreed to pay an additional £9m to Datatel over the next three years if its management meets specified profits targets.

Mr Christopher Daws, executive director for tax and treasury at Dowty, said yesterday that these profits objectives for Datatel had been set at a level which would stretch its managers, more than offsetting the extra profits-related payments. To ensure continuity, the founder of Datatel, Mr Tony Barbaro, had signed a three-year contract with the group, and the rest of the management team will be staying on.

Transmission equipment of the sort manufactured by Datatel is expected to play an increasingly important role in telephone networks in the future, with demand for multiplexers in America alone currently estimated at $400m and forecast to grow to $600m by 1989.

Competition, however, is also expanding fast, as switch and cable producers expand their range of transmission products.

Mr Daws said that over the longer term there should be opportunities for Dowty to sell the Datatel products outside the North American market. But the company will continue to concentrate on its US activities for the time being, he said.

Eleco rises by 32% and has strong order book

Eleco Holdings, electrical engineering, construction and property company, yesterday reported a 32 per cent increase in pre-tax profits from £2.72m to £3.6m on turnover of £34.24m against £27.74m in the year to June 30 1987.

A final dividend of 3.5p (3.1p) makes 5.6p (4.6p) for the year. Earnings per share rose 19 per cent to 13.2p (11.1p).

The directors said they were optimistic about the current year which began with a strong order book in all divisions.

Since the acquisition of Stramit Industries in May the group had been organised into three divisions.

Construction and property development had a record year with pre-tax profits of £1.9m on sales of £18.8m, building products and distribution made a pre-tax profit of £0.7m on a turnover of £15.4m including a small contribution from Stramit, and in property investment the gross rental income increased by 9 per cent to £1.3m. Net interest charges for the year amounted to £0.3m.

Barlows request share suspension at £18

BY DINA MEDLAND

Barlows, Manchester-based packer and warehousing company, requested a temporary suspension in the trading of its shares yesterday, pending an announcement.

The shares were trading at £18 before suspension, giving a market capitalisation of £16.8m.

In May the company announced the restructuring of its finances and equity through a rights issue designed to give it a capital infusion of £3.22m. The textile making and packing business was closed with effect from last December, and funds have been directed into property investment and development.

Barlows incurred a pre-tax loss of £37,797 (£20,993 profit) on turnover of £286,416 (£509,828) in the year ended December 31, 1986. At that date Barlows had net assets just short of £1m.

On the announcement of those figures, the board said it had concluded that there was "considerable potential for improvement in the value of property, in the north-west of England."

Mr Richard Fildes, managing director, said an announcement could be expected by Monday.

Benlox says no cash offer

Benlox, the small engineering and investment company which has launched an audacious £2bn bid for the Storehouse retailing group, stressed yesterday that "at the present time" it does not feel it to be appropriate to introduce a cash alternative to its share-only offer.

However, Ifincorp Earl, Benlox's financial adviser, said that this clarification of its position did not preclude it under the City Code on Takeovers and Mergers from offering a cash alternative in the future.

Radamec ups profits to £602,000

Radamec Group, an electronic and precision mechanical engineer which joined the USM a year ago, reported an improvement in pre-tax profits from £579,000 to £602,000 in the six months ended June 30.

The directors have declared an interim dividend of 0.5p. For 1986 a single 0.32p final was paid when the pre-tax result was £1.64m.

Turnover for the half year rose 29 per cent to £5.13m (£3.96m). The order book at June 30 was in excess of £12m, 80 per cent up on the 1986 year end, and included deliveries to be made over several years. The directors said that significant new orders were won during the period by all the group companies.

Negotiations for several home and overseas orders were well advanced, they said, and it was of considerable importance to the company's year end result that these were concluded in the current financial year. They were confident the company would win those orders but it was difficult to forecast the exact timing. The current year, therefore, might not show the pattern of growth of previous years.

Radamec had pursued its policy of acquisition in related fields, development into new product areas and profitable growth during the half year.

After a tax charge of £225,000 (£222,000) attributable profits emerged higher at £377,000 (£357,000) for earnings per 5p share of 2.43p (2.58p).

Wagon expansion

Wagon Industrial Holdings, engaged in material handling and storage, office equipment and engineering, has acquired Prescion Engineering of Birmingham for £2.75m cash. A further consideration of £250,000 will depend on the achievement of agreed profits over two years.

Net assets of Prescion as at April 30 1987 were £913,000 with adjusted pre-tax profits of £651,000.

Allebone back in profit with £0.4m at interim stage

BY ALICE RAWSTHORN

Allebone, the shoe retailing group which more than doubled in size when it acquired part of the Focus chain from Ward White earlier this year, yesterday announced a pre-tax profit of £396,000 in the first half of the year against a loss of £247,000 in the same period last year.

At the trading level there was a profit of £552,000 - the first since 1978. (It made a loss of £247,000 last year). Because of the seasonal nature of the business, the bulk of its profits arise in the fourth quarter of the financial year.

The integration of the Focus shops within Allebone's existing Tandem chain is now almost completed. Mr John Tilbrook, chairman, said the group was eager to exapnd further by acquisition. He envisages expanding the Tandem concept into as many as 650 shops across the UK.

Until the Focus purchase in early spring, Allebone was concentrated in Scotland, Northern Ireland and the North East. By buying 163 of the Focus shops from Ward White, and a further six from Clarks which bought the rump of the chain, it has created a national network of 268 units.

Since the acquisition Allebone has streamlined the Focus head office and warehousing centre, and closed the old Tandem headquarters. All its adminstrative and stock operations are now centralised at the original Focus headquarters. The former Focus shops have been renamed Tandem and are being refurbished into the Tandem style.

In the six months to July 31, the original Tandem shops enjoyed healthy spring trading but were hampered in the summer by dismal weather. The Focus shops suffered from the weather and from stocking problems after the change of ownership and strategy. Nevertheless turnover rose to £15.2m (£8.7m).

Earnings per share rose to 1p (loss of 5.5p). An interim dividend of 0.75p (0.25p) is proposed.

● comment

In the past Allebone's restructuring programmes have been far from happy. In the early 1980s the new management team pruned its retail portfolio, only to find that the overheads were too heavy to service so few shops. The solution was to spread overheads with the acquisition of the Focus chain. This restructuring has, thus far, been a happier affair. By centralising administration Allebone has cropped £3.5m from its annual costs. Moreover the new Focus-turned-Tandem shops are sporting healthy sales growth. This increase, combined with more favourable fashions and the chilly autumn weather, has fuelled sales growth of 16 per cent in the past month. The City expects profits of £2m this year and £3m next year, when the full benefits of the acquisition come through. Allebone is now intent on spreading its overheads even further by expanding its retail interests with another acquisition.

Tay Homes exceeds forecast with £3m

Tay Homes, Leeds-based USM-quoted house builder, lifted pre-tax profits from £1.86m to £3.02m in the 12 *months to June 30, so* exceeding its own forecast made in May. Turnover rose from £16.9m to £22.3m.

The directors proposed a final dividend of 4.43p (3.71p) on the enlarged capital to give a total of 6.2p. Last year Tay paid a total of 5.25p. Tax rose from £730,000 to £1.08m after which earnings per share rose from 20.7p to 34.8p.

Mr Trevor Spencer, chairman, said that the future of the group was well provided for by the large *land bank, wider geographical spread and increased* financial strength and he saw a further successful year of progress ahead.

In May, the company made a rights issue of 1.78m shares to raise £5.9m and Mr Spencer said that in anticipation of the availability of funds land acquisition activity was stepped up and there was now a land bank of about 2,000 plots.

The past year had been one of substantial progress. A new operating region was established *in the south-west based in Plymouth* and two sites were now under construction with other sites being negotiated. Discus*sions were also in hand with regard to the possibility of estab*lishing further regional outlets for development to provide for larger-term expansion.

Mr Spencer said that the wider geographical spread in Scotland and northern England was maturing and had contributed to the improved results for the year.

The current level of sales was continuing *satisfactorily* and there were a number of new sites being launched. During the period Tay sold 540 houses - *at an average price of £40,000* - compared with 510 at an average price of £33,000 last time. Margins rose from 11 per cent to 13.6 per cent.

Smurfit in Venezuelan deal

BY DINA MEDLAND

Jefferson Smurfit, fast-growing Dublin-based paper and packaging group, is to exercise an *option to buy a 78 per cent stake* in Carton de Venezuela, a subsidiary of Container Corporation of America (CCA) in which *Smurfit acquired a 50 per cent* stake in July last year.

The option to buy out CCA's foreign subsidiaries was negotiated at the time of the joint venture purchase of CCA by Smurfit's US subsidiary, Jefferson Smurfit *Corporation, and* Morgan Stanley, the US investment bank.

Early this year Smurfit exercised its option to buy CCA's European subsidiaries, and is now using its wholly-owned Dutch subsidiary, Smurfit International, to buy Carton de Venezuela at a price based on the company's book value at December 31, 1985.

Smurfit will be paying I£19m (I£17m) for the acquisition, net of dividends which will be extracted from Carton's cash-rich balance sheet immediately after the purchase. Carton de Venezuela's total net book assets were approximately $51m(£31m) at December 31, 1985 and the asset base has grown considerably since that time, Smurfit said.

The Venezuelan company is expected to make more than £23.7m in pre-tax profits on £75m sales in the year ending December 31.

Smurfit is to finance the acquisition with new bank borrowings of £19m, which will be used to pay down debt in CCA.

The specific operations in Venezuela include three paper mills, four corrugated container plants, one folding carton plant and a paper bag and sack facility. The remaining 22 per cent minority interest in the company is held by private sector investors in Venezuela.

Jefferson Smurfit still retains options on CCA subsidiaries in Mexico and Colombia.

Falcon pays £5m for Glenco

BY DINA MEDLAND

Falcon Industries, the building and plastics group, has *bought Glenco Products, which* manufactures plastic garden products, for an initial payment of £5m, the company announced yesterday.

The purchase price is to be satisfied by the issue of 5m new ordinary Falcon shares at 100p, of which the vendors will offer 2.5m to existing shareholders by way of rights. A rights issue involving an additional 2,875,183 new shares at 100p and expected to raise £2.88m before expenses is also planned to provide working capital and "to make further acquisitions should suitable opportunities arise."

Glenco's vendors have warranted that the company's pre*tax profits for the year to March* 31, 1988 will "not be less than £500,000." In the year-ended March 31, Glenco earned pre*tax profits of £384,000* on turnover of £2.04m. These profits included charging £36,000 per annum for consultancy fees which have now been discontinued. Subsequent payments in the form of shares valued at the offer price will be linked to Glenco's profit levels.

The range of products manufactured by Glenco is complementary to Falcon's Plantpak range, the company said. Glenco's pet product range, which represents approximately 20 per cent of its sales, also takes Falcon's plastics division into a *new market area.*

Falcon lifted pre-tax profits substantially to £924,000 (£502,000) in the half-year to June 30, *following* the reorganisation and disposal of its loss-making businesses. Mr Michael Hindmarch, chairman, said the reorganisation had given the company "a new vitality."

There had been a "strong demand for the plastics division's range of horticultural and gardening products with several new products being well received", Falcon said. Glenco would now be better placed to exploit opportunities for expansion.

Helene of London up 50% to £0.7m

Helene of London, the fashion-wear manufacturer which recently announced a double takeover, a board reorganisa*tion and a £3.24m cash call*, yesterday reported a near 50 per cent improvement in profits to £715,851 pre-tax for the first six months of 1987.

The second six months always provides the greater part *of the year's profits*. The directors said, however, that as a result of the poor spring and summer weather, the autumn season had *got off to a slow* start.

They also pointed out that because of the enormous effect *of Christmas trading* on sales and profits it was too early to make a meaningful projection for the year as a whole.

***They were confident that the* recent acquisitions of Targetex Fabrics and Arrow Textiles would make a consider*able addition* to Helene's earnings per share in 1988.**

The newly strengthened board was pursuing the company's stated policy of growth by acquisition and a number of prospects were being examined.

Turnover for the opening six months rose from £12.39m to £13.16m. Tax took £268,000 (£188,000) and *minorities* £10,962 (£1,468).

Earnings per 10p share worked through at 1.3p (0.8p). *The interim dividend is main*tained at 0.5p on the enlarged share capital.

Bray Technologies slips in first half

Pre-tax profits of Bray Technologies, Leeds-based specialist maker of gas burners and electrical heating equipment, slipped from £550,000 to *£515,000 in the half year ended* June 30. Comparative figures included an exceptional credit of £60,000 arising from the sale *of a trade mark*.

Turnover edged ahead from £4.29m to £4.5m and currently, order books in all operating companies are at record levels. Earnings emerged at 6p (6.24p). The interim dividend is lifted to 1.2p (1.1p). Company's shares are traded on the market made by Granville & Co.

Turriff rises sharply and calls for £5m

MR ASTLEY Whittall, chairman of **Turriff Corporation**, yester*day unveiled a sharp improve*ment in pre-tax profits for the first six months of 1987 and at the same time called on shareholders *for £4.94m net via a* one-for-three rights issue.

Turnover for the half year advanced from £24.76m to £33.72m and at the pre-tax level the construction and plant-hire group saw its profits rise to £682,000, an increase of 73 per cent over last time's £394,000.

Earnings emerged 4.4p ahead at 9.5p and as promised shareholders are to receive a maiden interim dividend of 3.3p per 25p share. The directors expected the interim payment would represent one-third of the 1987 total - for 1986 the group paid a single dividend of 8.5p from taxable profits of £1.25m.

The cash call, fully underwritten by Barclays de Zoete Wedd, involves the issue of up to *1,601,600 new shares at 325p*, payable in full. Brokers to the issue are de Zoete & Bevan.

As outlined in the chairman's *April statement the principal* thrust of the board's objectives is in two main areas: first, con*struction, including residential* and commercial property development and plant and equipment hire; and secondly, the *provision of* manpower and the management of information through the international maintenance and information and marketing services divisions.

The acquisitions during 1987 of Whittall (Holdings), Q.E. McIntyre and of the outstanding shareholding in Quoin Homes and the disposal of the interest in Engineering Support Services were all *in line with these* objectives.

The directors pointed out that in the major core business of *construction Turriff will now* join clients in the financing of their projects and thus enable better margins to be obtained in *group business.*

In the businesses of manpower provision and information management, where the group *is already successful in present* geographical locations, the directors are looking at ways of obtaining a foothold in the US market.

Tudor expands by 76%

Tudor, USM-quoted distributor of wall and floor tiles and mak*er and retailer of crystal glass*ware which changed its name from United Ceramic Distributors in August, lifted taxable profits by more than 76 per cent from £128,000 to £226,000 on turnover ahead from £4.19m at £5.22m in the first six months of 1987.

The directors declared an interim dividend of 1.5p - up from 1p last time - and after increased tax of £79,000 (£48,000), earnings per 20p share moved up sharply from 3.3p to 6p.

The chairman said that United Tile sales - at £4.4m - continued the growth seen in the second half of 1986, and turnover since June 30 had been main*tained at the first half level.*

In 1986 Tudor made profits of £330,000 on turnover of £9.17m.

Cradley up to £1.5m

Cradley Print, West Midlands lithographic printing company,lifted pre-tax profits from £1.2m to £1.51m, for the year to June 30 1987.

Tax charges took £621,000 (£304,000) and earnings per share were 2.8p (2.8p adjusted). The single final divided is 0.6p (0.55p).

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetables.

TODAY

Interims- J. Billam, British Island Airways, Caparo Industries, Delyn Packaging, Farnell Electronics, Albert Fisher, Fleming Japanese Investment Trust, Hunting Petroleum Services, Kingsley & Forester, London Atlantic Investment Trust, Musterlin, River & Mercantile Geared Capital and Income Trusts, Scottish Mortgage & Trust, Smaller Companies International Trust, TDS Circuits

Finals- Bejam, Britannia Security

FUTURE DATES

Interims-	
Boot (Henry)	Oct 20
New Ireland Assurance	Oct 19
Stormgard	Oct 28
WA Holdings	Oct 22
Finals-	
GR Holdings	Oct 19
Inter City Holdings	Oct 26
Leisure Investments	Oct 20
Manganese Bronze Holdings	Oct 22
Pict Petroleum	Nov 2
Really Useful	Oct 27
Union Carbide	Oct 28

Mortgage Bank of Finland Ltd.

£15,000,000 11¾ per cent. Notes 1989

NOTICE OF PARTIAL REDEMPTION

S.G. Warburg & Co. Ltd. announce that Notes for the nominal amount of £5,000,000 have been drawn for the first redemption instalment due 18th November, 1987. The distinctive numbers of the Notes drawn in the presence of a Notary Public are as follows:-

3	6	9	12	15	18	21	24	27	30	33	36	39	42	45	48	51	54	57	60	63	66	69	72	75	78	81	84
[illegible]																											
13947	13950	13953	13956	13959	13962	13965	13968	13971	13974	13977	13980	13983	13986	13989	13992	13995	13998	14001	14004	14007	14010	14013	14016	14019	14022	14025	14028
14031	14034	14037	14040	14043	14046	14049	14052	14055	14058	14061	14064	14067	14070	14073	14076	14079	14082	14085	14088	14091	14094	14097	14100	14103	14106	14109	14112
14115	14118	14121	14124	14127	14130	14133	14136	14139	14142	14145	14148	14151	14154	14157	14160	14163	14166	14169	14172	14175	14178	14181	14184	14187	14190	14193	14196
14199	14202	14205	14208	14211	14214	14217	14220	14223	14226	14229	14232	14235	14238	14241	14244	14247	14250	14253	14256	14259	14262	14265	14268	14271	14274	14277	14280
14283	14286	14289	14292	14295	14298	14301	14304	14307	14310	14313	14316	14319	14322	14325	14328	14331	14334	14337	14340	14343	14346	14349	14352	14355	14358	14361	14364
14367	14370	14373	14376	14379	14382	14385	14388	14391	14394	14397	14400	14403	14406	14409	14412	14415	14418	14421	14424	14427	14430	14433	14436	14439	14442	14445	14448
14451	14454	14457	14460	14463	14466	14469	14472	14475	14478	14481	14484	14487	14490	14493	14496	14499	14502	14505	14508	14511	14514	14517	14520	14523	14526	14529	14532
14535	14538	14541	14544	14547	14550	14553	14556	14559	14562	14565	14568	14571	14574	14577	14580	14583	14586	14589	14592	14595	14598	14601	14604	14607	14610	14613	14616
14619	14622	14625	14628	14631	14634	14637	14640	14643	14646	14649	14652	14655	14658	14661	14664	14667	14670	14673	14676	14679	14682	14685	14688	14691	14694	14697	14700
14703	14706	14709	14712	14715	14718	14721	14724	14727	14730	14733	14736	14739	14742	14745	14748	14751	14754	14757	14760	14763	14766	14769	14772	14775	14778	14781	14784
14787	14790	14793	14796	14799	14802	14805	14808	14811	14814	14817	14820	14823	14826	14829	14832	14835	14838	14841	14844	14847	14850	14853	14856	14859	14862	14865	14868
14871	14874	14877	14880	14883	14886	14889	14892	14895	14898	14901	14904	14907	14910	14913	14916	14919	14922	14925	14928	14931	14934	14937	14940	14943	14946	14949	14952
14955	14958	14961	14964	14967	14970	14973	14976	14979	14982	14985	14988	14991	14994	14997	15000												

On 18th November, 1987 there will become due and payable upon each Note drawn for redemption, the principal amount thereof, together with accrued interest to said date at the offices of:-

S.G. Warburg & Co. Ltd.
Paying Agency, 6th Floor, 1 Finsbury Avenue, London EC2M 2PA

or **Banque Internationale à Luxembourg S.A.**, 2 Boulevard Royal, P.O. Box 2205, 2953 Luxembourg.

Interest will cease to accrue on the Notes called for redemption on and after 18th November, 1987 and Notes so presented for payment should have attached all Coupons maturing after that date.

The amount of any missing unmatured Coupons will be deducted from the sum due for payment. Any amount of principal so deducted will be paid against surrender of the relative missing Coupons within five years from the due date for payment thereon. Notes will become void unless presented within 10 years of the redemption date.

£10,000,000 nominal amount of Notes will remain outstanding after 18th November, 1987.

15th October, 1987

Financial Times Thursday October 15 1987

APPOINTMENTS

Deputy chairman at Banro Industries

Mr John Hooper has been elected deputy chairman of BANRO INDUSTRIES in succession to Mr Dennis Greenhalgh, who has retired but remains on the board as a non-executive director. Mr Hooper remains finance director. Mr Alan Pitcher has become group manufacturing director.

*

Mr M.A. Knowles has been appointed chairman of M W MARSHALL & CO. Mr R.C. Baltes has been appointed deputy chairman and joint managing director. Mr S. Muller, Mr S. Fogel and Mr C.J.K. Kelsey have been appointed joint managing directors. Mr C.G.R. Carey-Hives and Mr A.G. Kleach have been appointed non-executive directors. Mr Muller has been made chairman of Marshall Woellwarth & Co, while Mr C.H. Flanders and Mr T.E. Porter have been appointed directors. Mr J.A. Tee has become chairman of M W Marshall (Capital Markets) and Mr C.H. Flanders its chief executive. Mr Muller has also been appointed chairman of M W Marshall (Options).

*

Miss Eve Pollard, editor of The Mail on Sunday, has been appointed editorial director of ASSOCIATED MAGAZINES and becomes a member of the board of this Mail Newspapers' publishing subsidiary.

*

Ms Gill Leask has been appointed director of human resources for the COURTAULDS GROUP.

*

PRIVATE LABEL MORTGAGE SERVICES has appointed Mr Stanley C. Knight its chairman and managing director, Mr Nicholas S. Deutsch, Mr Barry J. Field and Mr Michael J.R. Kelly as directors and Mr Godfrey Night as head of sales.

*

EUROPEAN CELLARS, the international wine group jointly owned by Allied-Lyons and Whitbread, has made the following board changes: Mr Michael Staton becomes group managing director operations, responsible for Calvet (France), Langenbach and Kendermann (West Germany) and the UK businesses. Mr Nicholas Higgins becomes managing director international, and Mr Edward Cory managing director UK.

*

DECLAN KELLY has appointed Mr Robert Taylor as development director for the London area.

*

DUAL DEVONSHIRE UNDERWRITING AGENCIES has appointed Mr Peter Battie (underwriter of Syndicate 868) its deputy chairman.

*

Mr Clive Hamlin has become deputy managing director of MATHESON INVESTMENT MANAGEMENT, the UK investment management arm of the Jardine Matheson Group. He was formerly a director of Johnson Fry & Co.

*

Mr Peter J. Holland has been appointed director of finance for the IDC GROUP. He was previously group company secretary.

*

The SALFORD PHOENIX INITIATIVE has made the following appointments: Mr B.G.O. Wilson, executive chairman, Mr G.K. Edwards, Mr N.A. Ellis, Mr J.W. Glester, Mr J.P.A. Hatfield, Mr C.J.W. Ledger, Mr I.G. Mclean, Mr J. Madden, Mr R.C. Rees, directors. Mr G.F. Banister is company secretary.

*

Mr Michael Walton has joined GARTMORE INVESTMENT MANAGEMENT to head its unlisted investment unit. He was a director of Electra Investment Trust.

*

CONFEDERATION LIFE INSURANCE CO has appointed Mr Zeel Samji director of financial services at the company's UK head office in Chancery Lane, London. He was controller of information systems and finance. Mr Martin Endicott has become director of information services.

*

OCEANA CONSOLIDATED has appointed Mr Peter A. Hurst its finance director. He was previously employed by Standard Chartered Bank.

*

Mr Dominic Bedart has joined F & H CONTROLS as deputy chief executive. He has also become a director of the F and H Group. Previously he was managing director of industrial consultants Cole and Lions.

*

Mr Robert Stephen Jones has been made sales director of ARTHUR PRICE INTERNATIONAL EXPORTS, the export division of Arthur Price of England. He held a similar position at Crown House Tableware.

*

At MSL GROUP Mr John Woodger has become business development director, Mr John Hodgson, managing director operations, and Mr Jeff Cowling, financial controller/ financial director designate.

*

ASSOCIATED PAPER INDUSTRIES has appointed Mr John F. Adey a director. He is managing director of Travenol Laboratories, the UK subsidiary of Baxter Tavernol Inc of the U.S.

*

Mr I.C. Booth has joined DOWTY SEALS at Ashchurch as managing director. He succeeds Mr J. Williams who has left the company. Mr Booth was managing director Bestobell Seals.

*

Mr Alan D. Harris has been appointed managing director of SHELVOKE DEMPSTER, a Krug International (UK) company. He formerly held senior executive positions with Suter and Noble & Lund.

*

Sir Ian Trethowan has agreed to remain as chairman of the HORSERACE BETTING LEVY BOARD until December 31 1990. Sir Ian, formerly director general of the BBC and now chairman of Thames Television has been chairman of the Levy Board since 1982 and his appointment expires next year.

*

Mr Barry Dinan, previously with Jardine Matheson and McDermott International, and Mr James Edmiston, previously with the Sterling Group and Norman Aeroplane where he remains a non-executive director, have joined WRIGHTSON WOOD.


ATA Univas
Wherever it is, we'll find it.
OIL. Wherever it is, we'll find it. Oil is the primary source of energy. It is the power that moves the world and will be so for many years to come.
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Deep thinking. Top results.

COMMODITIES AND AGRICULTURE

Brazil prepares for coffee reform

BY RIK TURNER IN SAO PAULO

BRAZIL HAS taken the first steps towards a reform of its coffee export system, following the recent reinstatement of International Coffee Organisation (ICO) quotas.

At a meeting in Brasilia last weekend Brazil's National Coffee Policy Council—a consultative body formed by representatives from both the private sector and government—suggested to the authorities a system for dividing the country's coffee export quota involving past performance, stock position and auctions which the Brazilian Coffee Institute (IBC) accepts in general terms with only details to be worked out, according to Mr Jorio Dauster, the IBC president.

Mr Dauster said the idea is for 65 per cent of an exporter's quota to be calculated on the basis of past performance. The period to be considered for this calculation has still to be chosen by the IBC from the total period when quotas were not in operation — from April 1 1985 until September 30 this year. Another 25 per cent of the quota will be based on the exporter's monthly stock position, "and the real innovation is that the remaining 10 per cent will be acquired in auctions, to be held at least initially on the Sao Paulo commodities exchange," Mr Dauster explained.

The system, which has a very good chance of being adopted intact by the Government, represents a first step by the IBC toward a democratisation of the decision-making process in coffee policy, traditionally handed down to the sector by the powers that be with very little consultation.

The Council's proposals seek to reconcile the interests of bean exporters, who traditionally favour the performance criterion, with those of the growers, who naturally prefer quotas to be based on stocks.

The third element, namely the auctions, is different from previous systems such as the sale of export stamps issued by the IBC, said Mr Dauster, because the money raised by the operation will not go to the Institute, but into the recently created Fund for the Defence of the Coffee Economy (Funcafe), to be administered by the Ministry of Trade and Industry to support the sector. Thus the IBC's purchases of coffee from the growers, which until now have been paid for by donations from the treasury, will now be financed by the sector itself.

Again, Mr Dauster's efforts to include the private sector in decision-making are visible in Funcafe, since the Council will also participate in the administration of the funds it accumulates. Funcafe takes Brazil closer to the Colombian model, under which the private sector actually runs the business entirely.

With regard to the recent agreements within the framework of the ICO, Mr Dauster commented that the outcome had been "positive for Brazil and all the producing countries," since it re-established international co-operation in the coffee trade, but that "it is also useful for the importers, particularly the big roasters."

He said Brazil's acceptance of a 30,000-bag cut in its quota from 30.55 per cent to 30.46 per cent, representing of 13m bags, was "a symbolic gesture" by the country, which had "re-established its credentials in the world coffee market this year by exporting 15m bags in the first nine months of the year compared with less than 10m bags in the whole of 1986."

Other countries, such as El Salvador and the group of African Countries including the Ivory Coast, Cameroon and Madagascar did have to accept a significant drop in their quota due to a reduced market performance in recent years, Mr Dauster explained, "while Colombia is practically at the same level as under the previous arrangement."

Mr Dauster compares Brazil's favourable outcome to the expectation around the market in the months leading up to the talks that the country would have to accept a drop of between two and three per cent in its quota share because of its poor export performance in 1986. He said Brazil had "showed it would not accept such a situation and has now got a stable horizon to work with."

Although it is for two years the agreement only sets quotas for the first 12 months, with the second year's levels to be fixed in September next year, based on stock positions at that time.

Again, Mr Dauster feels this is good for Brazil, which is certain to come out of this year's bumper crop of over 35m bags with a carryover (coffee in the hands of the IBC and the trade) of around 20m bags, he feels. "Right now the IBC has 6.5m bags from previous crops and 4.5m from the current crop," he revealed.

Head of FAO attacks protectionism

Mr Eduoard Saouma, head of the UN Food and Agriculture Organisation, has strongly attacked protectionism and export subsidies as "a major obstacle to feeding the world's poor," Reuter reports from Rome.

In the last 25 years an extra 1.8bn people had been fed, there had been a sustained improvement in food supplies, and a chronic shortage in much of the world had been averted, he said. But parts of Africa remained a "tragic exception."

A number of serious problems were unsolved despite an awareness by the international community that feeding the hungry was a common responsibility, Mr Saouma said.

"Trade in agricultural commodities remains in a state of profound crisis. Agriculture has been deeply scarred by protectionist measures and export subsidies on a scale not seen for over half a century," he said.

He added that agricultural resources and the environment were still not adequately protected from degradation and pollution.

Oversupply of copper forecast

BY DAVID BLACKWELL

THE COPPER market is set to return to a period of oversupply next year as production surges ahead, according to Shearson Lehman Brothers' Annual Review of the World Copper Industry 1987.

The report predicts an increase in stocks of 330,000 tonnes next year and of 550,000 tonnes in 1989, compared with a decline in stocks this year of 90,000 tonnes and of 344,000 tonnes in 1986.

Stocks have been falling for the last four years, and according to the World Bureau of Metal Statistics non-Socialist world stocks stood at 666,000 tonnes in May this year, or 4½ weeks' supply at current consumption levels. This compares with stocks of 1.7m tonnes at the end of 1983.

The outlook for prices next year is "rather gloomy" at first sight, says the report. But although the downtrend in stocks may now be bottoming out, consumer inventories will remian "exceptionally low by historical standards" for some time.

Shearson is predicting an average price for next year of 73 cents a lb for the Comex first position futures contract, compared with 71 cents a lb this year and 68 cents a lb in 1989. But it warns that the picture would change markedly if the world economy were to pick up strongly—or if the Chinese were dramatically to re-enter the market.

The single most important production development this year has been the opening of the copper section of the Ok Tedi mine, which should add about 200,000 tonnes per year to Australasian output by 1988-1989, says the report. Chile is set to start reaping the benefits next year from Codelco's Chuquicamata mine, which could boost the country's output to 1.5m tonnes in 1989.

Shearson believes last year's 6 per cent rise in consumption by the non-Socialist world to 7.73m tonnes is not sustainable. Consumption this year is put at 7.78m tonnes, and in 1989 is predicted to ease to 7.7m tonnes.

The Metal Marketing Corporation of Zambia is to keep its premiums for copper delivered under next year's annual contracts unchanged at 1987 levels, according to Mr E. Williams, its chairman.

But Mr Williams, in London for London Metal Exchange Week, said extra flexibility on the pricing period would be given, Reuter reports.

The premiums, which are based on LME grade A settlement prices, will remain at £10 a tonne for average pricing, £15 for unknown pricing and £20 for known pricing. Average pricing means that prices are based on the month's LME average. Unknown pricing allows the buyer to declare before the LME rings that he will price a certain tonnage based on the day's settlement, while known pricing allows the buyer to price on the previous day's settlement.

The Ivory Coast's deepening cocoa crisis

Nicholas Wadsworth looks at the difficulties faced by the world's biggest cocoa producer as low prices compound deep-seated structural problems

IN THE quiet up-country villages of the Ivory Coast the arrival of anything more exciting than a tractor is rare. So the appearance of hordes of colourfully-dressed cyclists announcing the coming of "the greatest show on earth" is guaranteed to cause quite a stir.

The mobile film units that follow a few hours later may not rival Barnum and Bailey for spectacle but they probably give the audience more thrills, intrigue and romance than they have experienced all year, picking cocoa in the surrounding plantations.

Woven none-too-subtly into the action-packed plots of these films, however, is a serious message extolling the virtues of diligence and hard work in improving cocoa and coffee harvests.

After suffering many trials their heroes always sell much cocoa and live in great happiness for ever after—an outcome which cannot, at the moment, be confidently predicted for the Ivory Coast's cocoa industry.

Like many third world nations this francophone West African country—the largest cocoa producer in the world—sees the dramatic slump in world commodities prices as the cause of its current economic crisis, and many Ivorians have, understandably, drawn the conclusion that the cards are unfairly stacked against them—the harder they have worked in recent years, the less they have been paid.

The country's present inability to pay its $8.4bn external debt has also come as a shock to the many outsiders who regarded the country as a model of economic development.

Ivorian government policy must take its share of the blame. As one seasoned market-watcher observed, "world prices have simply not been low enough long enough to have put the Ivory Coast in its present situation."

Certainly mistakes in the recent past have contributed to the crisis.

Selling cocoa and coffee for dollars without hedging against the decline in the US currency's value made for big losses in 1986, but the main problems have been caused by long-standing policies of the state marketing board, the "Caisse de Stabilisation."

Caistab, the financial powerhouse of the "Ivorian miracle" since the 1960s, traditionally buys cocoa and coffee at guaranteed prices. When markets were rising the practice of thus encouraging growth was highly profitable. But today, in what has virtually become an agricultural subsidies programme, the Caistab buys its principle commodities for more than it is able to sell them on the open market.

As a result a vicious circle of economic insolvencies has been established, with almost all major financial institutions in the country being affected.

The dominoes fall in this order:

(1) Without the necessary profits, the Caistab is unable to inject funds back into the national economy through the country's Central Bank.

(2) The Central Bank in its turn cannot command the funds needed to provide commercial banks with guarantees or liquidity.

3—Commercial banks then have difficulty lending on to the exporting firms that, as agents for Caistab, take charge of up-country buying operations. Caistab undertakes to reimburse these agents when the commodities are delivered to the coast for shipment.

4—The exporting firms then advance the funds lent to them to "traitans," usually independent Lebanese and Indian businessmen, who are responsible for the purchase of commodities at the farm gate and their transportation to primary collecting points. In theory they are reimbursed for their handling costs by Caistab.

With current deficit problems, however, there is a large gap between theory and practice. Caistab currently owes some $4m to exporters, who, in turn, owe the commercial banks a similar sum. The traitants also find themselves in a financial squeeze because Caistab, in an effort to cut costs, is currently threatening to reduce the already inadequate reimbursements for handling costs.

In the opinion of some observers the system is gradually heading towards a breakdown. On the one hand credit for Caistab operations is becoming more difficult to obtain; on the other the Government, for political reasons, refuses to abandon its fixed price policy. Adjustments are obviously necessary for the system's survival and past experience, these same observers claim, shows that it is the farmer who ultimately pays the price.

The Ghanaian Government's failure to honour its purchase price commitments contributed greatly to that country's decline as a cocoa producer. Until the late 1960s Ghana was the world's number one producer. But its production slumped from over 500,000 tonnes to 150,000 tonnes in 1984. Similar irregularities helped to ruin Nigeria's cocoa industry.

"There are signs that the creeping rot of corrupt dealings that attacked Ghana and Nigeria is beginning to take hold in the Ivory Coast," commented one market analyst in Abidjan. Some experts say that the traitants, unable to make a profit under present reimbursement schedules, are finding ways to get more cocoa from farmers than they have to pay for. Consistent and large-scale cheating of farmers is a growing practice, the experts contend.

The immediate hurt to the grower is obvious, but in the long term the entire economy is at risk. If farmers in the Ivory Coast find themselves unable to cover their costs over a number of seasons, as farmers in Ghana did, they will simply change to a more profitable crop. While switching to maize might seem logical to individual farmers, for a nation dependent on export earnings it would mean disaster.

In the past the Government's almost blind faith in commodity market revenues has permitted the planning of such grandiose projects as the biggest basilica in the world. With cocoa now more abundant than money, cynics have suggested these unfinished projects be completed in chocolate.

Other observers strike a more serious note. While admitting that, in the face of the present glut, reducing cocoa production might do little immediate harm, they warn that fundamental changes in that direction could exact great human and political costs in the future.

Malaysia set to climb production ladder

BY WONG SULONG IN KUALA LUMPUR

MALAYSIA IS expected to overtake Cameroon, Nigeria and Ghana to emerge as the world's third biggest cocoa exporter by 1990, Dr Lim Keng Yaik, the Minister of Primary Industries said yesterday after a visit to Sabah, the biggest cocoa producing state in the country.

His optimism is reinforced by a US embassy agricultural report which said Malaysia had just had a bumper harvest of an estimated 165,000 tonnes for the 1986-87 season—up by 35,000 tonnes—thanks to record yields from the big acreage built up since the late 1970s.

The report added the continued maturing of another 19,000 hectares could add another 20,000 tonnes of cocoa for the 1987-88 season.

It said with the surge in production, Malaysia was coming under increasing pressure to join the International Cocoa Organisation. But the country was not prepared to do so yet, as it feared it might be subject to production and export quotas.

Almost all of Malaysia's cocoa is exported in the form of beans, with the Netherlands and Singapore the biggest purchasers. China has also emerged as an important market.

The US embassy report said there has been a slowdown in the planted acreage for cocoa during the past two years, because of the economic recession and insufficient finance.

Expansion in Sabah is forecast at around 9,000 hectares for 1988, compared with the rate of 30,000 to 45,000 hectares in the late 1970s and early 1980s.

Neighbouring Sarawak, however, is enjoying strong expansion as pepper farmers switch to cocoa and West Malaysian plantation companies acquire new land in the state.

The report added that in view of the growing importance of the cocoa industry to the economy, the Malaysian Government feels there is a need to start a cocoa futures contract on the Kuala Lumpur Commodities Exchange.

Dr Lim announced legislation would be introduced early next year to set up a Malaysian cocoa board, with its headquarters in Sabah, to look after the licensing, marketing, registration as well as research and development.

LONDON MARKETS

COPPER RESUMED its upward trend on the London Exchange yesterday, although dealers described trading as "thin." They said the rise, which lifted the cash Grade A position by £12 to £1,212 a tonne, largely reflected "borrowing" (buying cash and selling forward) and this was reflected in a bigger premium over the three months position, which gained only £6 to £1,169.75 a tonne. An early rise ran into profit-taking sales and a sharp rally in sterling also weighed on the market. Profit-taking also took its toll in the aluminium market, where the cash standard grade position's early rise to a fresh record level was wiped out. The price ended the day £1 down at £1,238.50 a tonne. The initial advance was encouraged by further Japanese buying and covering against earlier short sales, traders said. At that time LME supply tightness was continuing to provide underlying strength, they added. The trading pattern on the nickel market was the reverse of that in aluminium, with early profit-taking giving way to a subsequent wave of buying which took the cash position to £3,447.50 a tonne at the close, up £42 on the day. Dealers said the market was still restrained by chart factors, however, and thought strong resistance could become apparent just above current levels.

LME prices supplied by Amalgamated Metal Trading.

ALUMINIUM

99.7% purity	Unofficial close (p.m.) $ per tonne	+ or —	High/Low
Cash	2110-20	—12.5	—
3 months	1930-50	—17.5	1946/1930

Official closing (am): Cash 2,130-40 (2,095-105), three months 1,940-50 (1,940-5), settlement 2,140 (2,105). Final Kerb close: ———. Ring turnover: 300 tonnes.

99.5% purity	£ per tonne		
Cash	1237-90	—1	—
3 months	1147-8	—11	1172/1146

Official closing (am): Cash 1,309-11 (1,282-3), three months 1,163-5 (1,181.5-2.5), settlement 1,311 (1,283). Final Kerb close: 1,149-50. Ring turnover: 34,150 tonnes.

COPPER

Grade A	Unofficial close £ per tonne	+ or —	High/Low
Cash	1211-3	+12	1226/1294
3 months	1169.5-70	+6	1180/1169

Official closing (am): Cash 1,224-5 (1,223-5), three months 1,179-9.5 (1,181.5-82), settlement 1,225 (1,224). Final Kerb close: 1,169-9.5.

Standard			
Cash	1192-7	+12	—
3 months	1160-5	+5.5	—

Official closing (am): Cash 1,205-10 (1,204-10), three months 1,170-5 (1,178-8), settlement 1,210 (1,210). US Producer prices 89.75-93 cents a pound. Total ring turnover: 71,525 tonnes.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	365-7	—4	372.5/372
3 Months	356-6	—5	362/355

Official closing (am): Cash 371-2 (367-8), three months 361.5-62 (357-7.5), settlement 372 (368). Final Kerb close: 359-60. Ring turnover: 8,150 tonnes. US Spot: 42 cents a pound.

NICKEL

	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	3445-50	+42.5	—
3 months	3420-5	+40	3488/3415

Official closing (am): Cash 3,445-50 (3,410-5), three months 3,420-5 (3,380-5), settlement 3,450 (3,415). Final Kerb close: 3,420-5. Ring turnover: 866 tonnes.

ZINC

High grade	Unofficial close (p.m.) $ per tonne	+ or —	High/Low
Cash	455-6	—4.5	460/—
3 months	462-3	—3.75	469/462

Official closing (am): Cash 460-1 (460.5-61), three months 469.5-67 (466.5-67), settlement 461 (461). Final Kerb close: 469-71. Ring turnover: 2,775 tonnes. US Prime Western: 43-43.75 cents per pound.

LONDON METAL EXCHANGE TRADED OPTIONS

[illegible]

TIN

KUALA LUMPUR TIN MARKET—Close: 17.15 (17.15) ringgit per kg. Unchanged.

GOLD

GOLD BULLION (fine ounces) Oct. 14

[illegible]

GOLD AND PLATINUM COINS

[illegible]

INDICES

REUTERS (Base: September 18 1931 = 100)

[illegible]

DOW JONES

[illegible]

MAIN PRICE CHANGES

[illegible]

SILVER

LME—Turnover: Nil (20) lots of 10,000 ounces.

SILVER per troy oz	Bullion Fixing price	+ or —	L.M.E. p.m. Unoff'l	+ or —
Spot	466.05p	—2.25	781.5c	+11.5
3 months	480.10p	—1.75	797.5c	+11.5
6 months	491.55p	—2.35	—	—
12 months	516.90p	—2.4	—	—

Three months final kerb 797-9c.

Silver was fixed 2.2p an ounce lower for spot delivery in the London bullion market yesterday at 466.05p. US cent equivalents of the fixing levels were: Spot 770.1c, down 2.85c; three-month 787.3c, down 2.3c; six-month 803.5c, down 3c; and 12-month 840.3c, down 3.3c. The metal opened at 467-468½p (769-771c) and closed at 472½-474p.

COFFEE

Origin selling kept robustas under pressure as dealers hedged their purchases, reports Drexel Burnham Lambert. Price-fixing was evident but was easily absorbed in moderate volume and levels slowly declined throughout the day.

COFFEE	Yesterday close	+ or —	Business done
Nov	1349-1350	—8.0	1365-1347
Jan	1381-1382	—7.0	1395-1378
Mar	1401-1402	—7.5	1415-1402
May	1420-1424	—7.0	1435-1422
July	1441-1443	—4.5	1449-1443
Sept	1463-1465	—3.0	1459-1456
Nov	1470-1475	—3.5	1472-1470

Sales: 3,498 lots of 5 tonnes.

ICO indicator prices (US cents per pound) for October 13: Comp. daily 1979 112.48 (112.63); 15-day average 107.89 (107.15).

COCOA

Although making new-life-of-contract lows futures steadied later and closed only marginally lower than the previous evening. Physical trading was again limited to light consumer offtake with producers still withdrawn, reports Gill and Duffus.

	Yesterday's close £ per tonne	+ or —	Business done
Dec	1164-1165	—0.5	1167-1155
March	1195-1196	—3.5	1198-1188
May	1215-1215	—3.0	1218-1208
July	1237-1239	—3.5	1236-1233
Sept	1254-1255	—4.5	1256-1252
Dec	1277-1279	—5.5	1280-1273
March	1303-1304	—4.0	1307-1298

Sales: 2,785 (5,136) lots of 10 tonnes.

ICCO indicator prices (SDRs per tonne). Daily price for October 14: 1,476.09 (1,473.25); 10-day average for October 15: 1,486.38 (1,480.39).

FREIGHT FUTURES

	Close	High/Low	Prev.
Dry Cargo			
Oct.	1107	1107/1106	1105
Jan.	1222.5	1225/1207	1222
Apr.	1263.5	—	1257.5
July	1152	1152/1142	1147.5
Oct.	1252.5	—	1237.5
Jan.	1250	—	1250
April	1312.5	—	1316
BFI.	1086.5	—	1086.5

Turnover: 159 (436).

GRAINS

Wheat and barley found early buying interest which lifted values 35p but rumours of further wheat intervention release saw wheat values plummet and close on the lows, while barley retained early firmness. New crops again firmed on trade buying to finish on contract highs, reports T. G. Roddick.

Mnth	WHEAT Yest'dy's close	+ or —	BARLEY Yest'dy's close	+ or —
Nov.	110.90	—0.55	104.40	+0.35
Jan.	112.00	—0.50	106.80	+0.40
Mar.	115.50	—0.60	106.50	+0.35
May	115.95	—0.55	110.00	—0.15
July	117.95	—0.55	—	—
Sept.	103.00	+1.55	100.00	+1.25
Nov.	104.75	+1.55	102.50	+1.25

Business done—Wheat: Nov 111.10-108.90, Jan 112.85-1.65, March 114.50-3.50, May 116.85-5.55, July 118.20-8.10, Sept 103.00, Nov untraded. Sales: 403 lots of 100 tonnes. Barley: Nov 104.50-4.25, Jan 106.85-6.50, March 108.50-8.30, May 110.05-10.00, Sept and Nov untraded. Sales: 197 lots of 100 tonnes.

LONDON GRAINS—Wheat: US Dark Northern Spring No 2, 14 per cent: Oct-Nov 97.25. US No 2 Soft Red Winter: Nov 94.50, Dec 97.00. French 11½-12 per cent: Oct 136.00 sellers. English feed, fob: Oct 110.50-111.50 buyer/sellers, Nov 112.75, Dec 113.75 sellers, Jan/March 116.00-116.25, April/June 118.50-119.00 buyer/sellers. Maize: US No 3 Yellow/French, transhipment East Coast: second-half Oct 133.50 seller. Barley: English feed: Oct 106.50, Nov 108.50, Dec 110.00 seller, Jan/March 112.75-113.50 buyer/sellers.

HGCA — Locational ex-farm spot prices. Feed barley: E. Midlands 103.10, N. East 104.20, Scotland 100.60. The UK monetary coefficient for the week beginning Monday October 19 will remain unchanged.

RUBBER

PHYSICALS—Closing prices (buyers): Spot 68.50p (68.75p); Nov 68.00p (68.25p); Dec 68.25p (68.50p). The Kuala Lumpur fob prices (Malay/Singapore cents per kg) were: RSS No 1 288.0; SMR 20 284.5.

US MARKETS

PRECIOUS METALS tended to steady in response to the US trade deficit figure released, reports Drexel Burnham Lambert. Trade, commission house and local buying firmed the markets in light volume before profit-taking pared gains. Crude oil reacted to favourable API statistics as light fund, trade and local buying firmed prices in the face of commission house selling. Fund buying in copper helped the market reach new contract highs once again as prices penetrated resistance at 86.15, basis December. Light commission house and local selling eased coffee. Speculative selling eased cocoa back towards unchanged after a short-covering rally failed to gain headway. Sugar futures were dominated by local activity. In cotton a sharp rally followed the electing of commision house stops, but gains were pared by commission house and trade selling. Eroding cash prices and large hog runs in the Mid-West led to easier hog and pork belly futures, while cattle eased despite longer-term constructive fundamentals. Anticipation of export business and commercial buying in the cash soyabean oil market firmed the futures, while good trading out of Europe helped firm the soyameal futures which in turn firmed the soyabeans. Commercial buying in cash maize led to commission house buying in the futures which saw prices rally.

NEW YORK

ALUMINIUM 40,000 lbs; cents/lbs

	Close	Prev	High	Low
Oct	85.10	85.30	—	—
Nov	85.10	85.30	—	—
Dec	85.10	85.30	86.00	85.60
Jan	82.80	83.10	—	—
Mar	79.30	79.50	—	—
May	74.05	74.25	—	—
Jul	71.30	71.50	—	—
Sep	[illegible]	[illegible]	—	—

COCOA 10 tonnes; $/tonnes

[illegible]

COFFEE "C" 37,500 lbs; cents/lbs

[illegible]

COPPER 25,000 lbs; cents/lbs

[illegible]

COTTON 50,000; cents/lbs

[illegible]

CRUDE OIL (LIGHT) 42,000 US gallons; $/barrels

[illegible]

GOLD 100 troy oz.; $/troy oz

[illegible]

HEATING OIL 42,000 US gallons; cents/US gallons

[illegible]

ORANGE JUICE 15,000 lb; cents/lbs

[illegible]

PLATINUM 50 troy oz; $/troy oz

[illegible]

SILVER 5,000 troy oz; cents/troy oz

[illegible]

SUGAR WORLD "11" 112,000 lbs; cents/lbs

[illegible]

CHICAGO

LIVE CATTLE 40,000 lbs; cents/lbs

[illegible]

LIVE HOGS 30,000 lbs; cents/lbs

[illegible]

MAIZE 5,000 bu min; cents/56 lb-bushel

[illegible]

PORK BELLIES 38,000 lbs; cents/lbs

[illegible]

SOYABEANS 5,000 bu min; cents/60lb-bushel

[illegible]

SOYABEAN MEAL 100 tons; $/ton

[illegible]

SOYABEAN OIL 60,000 lbs; cents/lbs

	Close	Prev	High	Low
Oct	17.80	17.42	17.83	17.57
Dec	18.09	17.72	18.17	17.87
Jan	18.29	17.94	18.35	18.10
Mar	18.60	18.30	18.68	18.40
May	18.83	18.55	18.95	18.68
July	19.07	18.72	19.20	18.90
Aug	19.11	18.75	19.20	18.95
Sep	19.10	18.70	19.30	19.00
Oct	19.12	18.75	19.10	19.15
Dec	19.20	18.85	19.25	19.10

WHEAT 5,000 bu min; cents/60lb bushel

	Close	Prev	High	Low
Dec	311.6	310.0	315.0	308.0
Mar	321.6	319.6	324.4	317.6
May	316.4	314.4	318.0	314.0
Jul	299.0	295.0	302.4	295.2
Sep	302.0	298.0	305.0	300.4
Dec	309.0	305.0	—	—

SPOT PRICES: Chicago loose lard 14.00 (15.00) cents per pound. Handy and Harman silver bullion 778.5 (770.0) cents per troy ounce. New York tin 318-319 (317-318) cents per pound.

MEAT

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle [illegible]p per kg lw (—1.21). GB—Sheep [illegible]p per kg est dcw (+1.43). GB—Pigs [illegible]p per kg lw (—2.54). [illegible] (+0.81).

SUGAR

PARIS—White (FFr per tonne): Dec 1140-1145, March [illegible], May [illegible], Aug [illegible] 1221, Aug [illegible], Oct [illegible], Dec 1280-[illegible].

[illegible]

Sales: [illegible] lots of 50 tonnes; [illegible]

Tate and Lyle delivery price for granulated basis sugar was [illegible] (£212.50) a tonne for export.

LONDON DAILY PRICE—Raw sugar $173.40 (£[illegible]), down [illegible] (£1.60) a tonne for October-November delivery. White sugar [illegible], down $1.20.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean port). Prices for October 13: Daily price [illegible]; 15-day average 6.2[illegible].

GAS OIL FUTURES

Month	Yesterd'ys close	+ or —	Business done
	US $ per tonne		
Nov	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]

Turnover: [illegible] lots of 100 tonnes.

POTATOES

The market was nervous following recent rapid rises. April fell £4.80 on the opening call, taking its lead from a Dutch futures quote almost Fl 3 down on the previous close. The weakness was short-lived with the Dutch influence quickly being shrugged off and values recovering to unchanged by mid-morning. The market paused for profit-taking before again rallying strongly, pushing through £165.00 by lunch. Further gains were made in the afternoon before book-squaring trimmed levels at the close, reports Coley and Harper.

Month	Yesterday's close	Previous close	Business done
	£ per tonne		
Nov.	98.50	97.00	101.00-96.00
Feb.	110.00	109.50	112.00-107.00
March	92.00	90.50	94.00-92.00
Apr.	167.00	158.80	171.80-154.00
May	180.50	171.80	185.00-170.90
Nov	80.50	75.00	—

Sales: 2,827 (2,838) lots of 40 tonnes.

OIL

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		Nov.
Arab Light	—	—
Arab Heavy	—	—
Dubai	16.98-17.08	+0.08
Brent Blend	18.75-18.80	+0.225
W.T.I. (1pm edt)	19.75-19.80	+0.10
Forcados (Nigeria)	—	—
Urals (cif NWE)	—	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	182-185	—
Gas Oil	165-166	+2.5
Heavy fuel Oil	101-102	—
Naphtha	160-162	+1

Petroleum Argus estimates

SOYABEAN MEAL

Prices remained steady most of the session on good commercial support amid further rumours of Soviet forward purchases and higher cash levels, reports Muirpace.

	Yesterd'ys close £ per tonne	+ or —	Business done
October	—	—	—
Dec	132.8-133.8	+2.25	131.5-131.0
Feb	135.8-134.8	+2.85	135.8-132.0
April	135.5-134.5	+2.75	135.8-131.3
June	128.8-129.0	+1.50	127.8
August	125.8-127.8	+2.00	—
October	125.8-128.0	+2.00	—

Sales: 197 (21) lots of 20 tonnes.

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar falls on trade figures

THE DOLLAR fell sharply on news that the US trade deficit in August was $15.68bn. This was down from the record $16.47bn in July, but worse than market estimates of around $13bn to $15bn.

It had been hoped the deficit would fall significantly, after a reduction in the August Japanese and West German trade surpluses, but the picture now looks particularly bleak since it was announced the Japanese trade surplus in September rose to $7.43bn from $5.15bn in August.

Dealers were somewhat surprised that Mr Alan Greenspan, US Federal Reserve Board chairman, was prepared to risk his reputation by saying that an extraordinary shift was currently under way in the US imbalance in trade.

There are now doubts the Group of Seven agreement on currency stability will be able to prevent another dollar fall, and that the US can fund the other problem of the budget deficit without a further rise in interest rates.

After yesterday's trade figures the market is again looking for a test of the DM 1.80 level and Y140 in the near future.

The dollar managed only a small recovery from the day's lows to close at DM 1.8120, compared with DM 1.8210, and at FFr 6.0350, against DM 6.0650. It also fell to SFr 1.5020 from SFr 1.5090 and to Y142.63 from Y143.70.

On Bank of England figures the dollar's index declined to 100.5 from 101.1.

STERLING—Trading range against the dollar in 1987 is 1.6885 to 1.478. September average 1.6458. Exchange rate index was unchanged throughout at 73.3, compared with 72.6 six months ago.

Sterling rose against the weaker dollar, but suffered small losses against other major currencies.

UK industrial production rose 0.8 per cent in August, compared with 2.2 per cent in July. This was rather better than expected, while the growth of 0.5 per cent in manufacturing output, against 1.5 per cent the previous month was also encouraging, and helped underpin sterling.

But this news was almost ignored as the market looked to the US trade figures for direction.

The pound rose 65 points to $1.6530-$1.6540, but fell to DM 2.9950 from DM 3.00; to FFr 9.98 from FFr 9.99; to SFr 2.4825 from SFr 2.4850; and to Y235.75 from Y236.50.

D-MARK-Trading range against the dollar in 1987 is 1.9295 to 1.7690. September average 1.8122. Exchange rate index 146.5 against 146.6 six months ago.

The D-Mark rose against the dollar after the worse than expected US trade figures for August. The dollar fell to DM 1.81 at the Frankfurt close, from DM 1.8215 on Wednesday.

Dealers described the US trade deficit as "pretty horrible."

Earlier in the day the Bundesbank did not intervene when the dollar was fixed at DM 1.8228, compared with DM 1.8224 previously.

JAPANESE YEN—Trading range against the dollar in 1987 is 159.45 to 138.35. September average 143.19. Exchange rate index 222.7 against 225.0 six months ago.

The yen was virtually unchanged against the dollar in Tokyo as dealers waited for the US trade figures. The dollar finished at Y143.95, compared with Y143.90 on Tuesday. Apart from the trade position dealers were also nervous about US and Japanese monetary policy.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Oct. 14	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.2002	+1.75	+1.01	±1.5344
Danish Krone	7.85212	7.96581	+1.45	+0.71	±1.6404
German D-Mark	2.05853	2.07689	+0.89	+0.15	±1.0981
French Franc	6.90403	6.92145	+0.25	−0.49	±1.3674
Dutch Guilder	2.31943	2.33729	+0.77	+0.03	±1.5012
Irish Punt	0.768411	0.772929	+0.59	−0.15	±1.6684
Italian Lira	1,483.58	1498.37	+1.00	+0.71	±4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ IN NEW YORK

Oct. 14	Latest	Previous Close
£ Spot	1.6455-1.6465	1.6455-1.6465
1 month	0.26-0.24pm	0.26-0.25pm
3 months	0.52-0.48pm	0.51-0.49pm
12 months	1.57-1.47pm	1.60-1.55pm

Forward premiums and discounts apply to the U.S. dollar.

STERLING INDEX

	Oct. 14	Previous
8.30 am	73.3	73.3
9.00 am	73.3	73.3
10.00 am	73.3	73.3
11.00 am	73.3	73.3
Noon	73.3	73.3
1.00 pm	73.3	73.2
2.00 pm	73.3	73.3
3.00 pm	73.3	73.3
4.00 pm	73.3	73.3

CURRENCY RATES

Oct. 14	Bank rate %	Special * Drawing Rights	European Currency Unit
Sterling	—	0.783285	0.693861
U.S. Dollar	6	1.28772	1.14765
Canadian $	8.75	1.68138	1.49791
Austrian Sch.	4	16.5253	14.6176
Belgian Franc	7¼	48.7563	43.2002
Danish Krone	7	8.99150	7.96582
Deutsche Mark	3	2.34674	2.07689
Neth. Guilder	4½	2.63854	2.33729
French Franc	9½	7.81131	6.92145
Italian Lira	12	1692.55	1498.37
Japanese Yen	2½	185.492	163.825
Norway Krone	8	8.57186	7.59569
Spanish Peseta	—	155.621	137.660
Swedish Krona	7½	8.22996	7.29675
Swiss Franc	3.5	1.93446	1.72252
Greek Drach.	20½	180.371	160.613
Irish Punt	—	0.873286	0.772929

* £/SDR rate for Oct. 13: 1.68703.

CURRENCY MOVEMENTS

Oct. 14	Bank of England Index	Morgan Guaranty Changes %
Sterling	73.3	−20.1
U.S. Dollar	100.5	−6.5
Canadian Dollar	79.0	−9.1
Austrian Schilling	137.3	+10.0
Belgian Franc	99.5	−4.9
Danish Krone	91.1	+1.3
Deutsche Mark	146.5	+21.4
Swiss Franc	172.3	+22.5
[illegible]	[illegible]	[illegible]

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base average 1975=100).

OTHER CURRENCIES

Oct. 14	£	$
[illegible]	[illegible]	[illegible]
Luxembourg	62.30-62.40	37.65-37.75
Malaysia	4.1860-4.1980	2.5300-2.5350
Mexico	2637.15-2646.50	1604.00-1609.00
N. Zealand	2.5795-2.5745	1.5625-1.5675
Saudi Ar.	6.1965-6.2020	3.7500-3.7510
Singapore	3.4610-3.4695	2.0930-2.0960
S. Af. (Cm)	3.3775-3.3985	2.0520-2.0545
S. Af. (Fn)	5.4185-5.6025	3.2785-3.3900
Taiwan	49.15-49.40	29.95-30.05
U.A.E.	6.0690-6.0740	3.6725-3.6735

*Selling rate.

POUND SPOT—FORWARD AGAINST THE POUND

Oct. 14	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6435–1.6560	1.6530–1.6540	0.27–0.24 cpm	1.85	0.55–0.52 pm	1.29
Canada	2.1461–2.1614	2.1590–2.1600	0.09 dis–0.01 pm	−0.22	0.15–0.05 pm	0.19
Netherlands	3.36½–3.37½	3.36½–3.37½	1⅛–1⅛ cpm	4.45	3⅝–3⅜ pm	4.15
Belgium	62.21–62.40	62.30–62.40	21–15 cpm	3.46	57–48 pm	3.97
Denmark	11.46½–11.50¼	11.47½–11.48½	½ pm–¼ ore dis	0.13	⅞–⅜ pm	0.17
Ireland	1.1115–1.1185	1.1140–1.1150	0.12–0.06 cpm	0.97	0.41–0.24 pm	1.17
W. Germany	2.99–3.00	2.99–3.00	1⅝–1⅜ pf pm	6.01	4–3¾ pm	5.18
Portugal	236.09–238.43	236.70–237.60	43-98 c dis	−3.57	167–256 dis	−3.57
Spain	198.41–199.14	198.50–198.80	Par–37 c dis	−1.12	89–141 dis	−2.92
Italy	2157¼–2165¼	2159½–2160½	1-5 lire dis	−1.67	10–15 dis	−2.51
Norway	10.93¾–10.96¼	10.93¾–10.94¾	3⅞–4⅞ ore dis	−4.32	9⅞–10⅞ dis	−3.72
France	9.96½–9.99¼	9.97½–9.98½	1⅞–1¼ cpm	1.80	3⅝–2⅞ pm	1.28
Sweden	10.50–10.52½	10.51–10.52	⅝–⅛ ore pm	0.57	1⅛–⅝ pm	0.36
Japan	235¼–237¼	235¼–236¼	1⅛–1 y pm	5.73	3⅞–3 pm	5.30
Austria	21.08–21.21	21.08–21.11	9⅞–9 gro pm	5.37	28⅞–26⅞ pm	5.19
Switzerland	2.47¼–2.48¼	2.47¼–2.48¼	1½–1¼ c pm	6.65	3⅝–3⅜ pm	5.64

Belgian rate is for convertible francs. Financial franc 62.55–62.65. Six-month forward dollar 1.00–0.95 c pm. 12-month 1.55–1.45 c pm.

DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

Oct. 14	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.6435-1.6560	1.6530-1.6540	0.27-0.24c pm	1.85	0.55-0.52pm	1.29
Ireland†	1.4731-1.4852	1.4830-1.4840	0.09-0.04c pm	0.53	0.16-0.07pm	0.31
Canada	1.3044-1.3065	1.3055-1.3065	0.17-0.20c dis	−1.70	0.35-0.38 dis	−1.12
Netherlands	2.0340-2.0515	2.0375-2.0385	0.44-0.41c pm	2.49	1.52-1.47pm	2.92
Belgium	37.60-37.95	37.65-37.75	6.00-4.00c pm	1.58	22.00-18.00pm	2.11
Denmark	6.93¼-6.99¼	6.94-6.94½	0.35-1.05ore dis	−1.20	1.15-1.85 dis	−0.86
W. Germany	1.8070-1.8235	1.8115-1.8125	0.61-0.51pf pm	3.69	1.81-1.78pm	3.84
Portugal	145⅝-144	143¼-143½	50-80c dis	−5.42	150-200 dis	−4.86
Spain	119.82-121.00	120.00-120.10	20-35c dis	−2.73	80-110 dis	−3.14
Italy	1304-1316	1306¼-1306¾	2⅞-4⅝ lire dis	−3.20	10⅞-12⅞dis	−3.58
Norway	6.61-6.66	6.61½-6.62	3.30-3.65ore dis	−6.26	8.10-8.50dis	−4.99
France	6.02-6.07¼	6.03½-6.03¾	0.05 dis-0.05cpm	—	0.15dis-0.15pm	—
Sweden	6.35¼-6.39½	6.35¾-6.36¼	0.60-0.90ore dis	1.41	1.20-1.60 dis	0.88
Japan	142.55-144.38	142.60-142.70	0.50-0.47y pm	4.04	1.47-1.42 pm	4.01
Austria	12.72¾-12.83¾	12.74½-12.75	3.90-3.50gro pm	3.46	13.00-12.00pm	3.90
Switzerland	1.4980-1.5145	1.5015-1.5025	0.60-0.56c pm	4.60	1.69-1.64 pm	4.40

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 37.80-37.90. Correction for Oct. 13. W. Germany, close 1.8205-1.8215. Belgian Financial Franc, 38.00-38.10.

EURO-CURRENCY INTEREST RATES

Oct. 14	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	9⅞-9¾	9⅞-9¾	9⅞-9¾	10⅛-10⅛	10⅜-10⅛	10⅝-10½
U.S. Dollar	7⅝-7⅜	7⅞-7⅝	7⅞-7⅞	8⅞-8⅞	9⅛-9	9½-9⅜
Can. Dollar	9⅛-8⅞	9⅛-9	9⅜-9⅛	9⅞-9⅝	10½-10⅜	10⅝-10⅝
D. Guilder	5⅜-5⅛	5⅛-5⅛	5½-5⅜	6-5⅞	6⅛-6	6⅛-6
Sw. Franc	1⅛-1½	1⅞-1½	3⅛-3⅛	4⅞-4⅛	4½-4⅜	4⅝-4⅜
Deutschmark	3⅞-3⅜	3⅞-3⅞	4⅛-3⅞	5-4⅞	5⅛-5	5⅜-5⅜
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Long-term Eurodollars: Two years [illegible] per cent; three years [illegible] per cent; four years [illegible] per cent; five years [illegible] per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Oct. 14	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
YEN	4.242	7.014	12.70	1000.	42.33	10.53	14.29	9162.	9.160	264.5
F Fr.	1.002	1.657	3.001	236.2	10.00	2.487	3.377	2164.	2.164	62.47
S Fr.	0.403	0.666	1.206	94.96	4.020	1.	1.358	870.1	0.870	25.12
H Fl.	0.297	0.491	0.889	69.96	2.961	0.737	1.	640.9	0.641	18.50
Lira	0.463	0.766	1.387	109.1	4.620	1.149	1.560	1000.	1.000	28.87
C $	0.463	0.766	1.387	109.2	4.621	1.150	1.561	1000.	1.	28.87
B Fr.	1.604	2.652	4.804	378.1	16.01	3.982	5.405	3464.	3.464	100.

Yen per 1,000: French Fr per 10: Lira per 1,000; Belgian Fr per 100.

FINANCIAL FUTURES

US bonds fall sharply

US TREASURY bond prices fell sharply in the London International Financial Futures Exchange yesterday after worse than expected US trade figures. The August deficit narrowed to $15.68m from July's record $16.47bn but this was not good enough because it was at the top end of market expectations.

Irrespective of what the market was expecting, the size of the deficit was still rather depressing and with recent figures confirming an increase in the Japanese trade surplus in September, traders saw the outlook for the deficit and bond prices as being distinctly bleak.

A rise in the US discount rate before the end of this year was regarded as being inevitable because interest rates in West Germany and Japan were tending to move higher and yesterday's news on the trade figures was unlikely to be of any help to the dollar.

The December Treasury bond price opened at 80-19 up from 80-03 but soon lost ground after the announcement to a low of 78-24. It recovered to finish at 79-00.

Three-month Euro-dollar deposits were affected in a similar way, opening at 90.95 for December delivery up from 90.92 and falling to a low of 90.69 before closing at 90.73.

Gilt prices were affected by the fall in US bonds. Although UK rates were steady, the long term implications of higher rates in the US were not taken well. However after spending a relatively quiet morning, long gilt futures managed to stay within the recent trading range despite finishing virtually at the day's low.

The December price opened at 114-20 up from 114-13 and slipped to a low of 113-26 in the afternoon before closing at 113-27.

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls—Last Dec	Calls—Last March	Puts—Last Dec	Puts—Last March
106	7.58	8.32	0.04	0.30
108	5.62	6.54	0.08	0.52
110	4.09	5.23	0.19	1.21
112	2.33	3.60	0.43	1.98
114	1.23	2.53	1.33	2.51
116	0.58	1.60	2.48	3.58
118	0.15	1.18	4.25	5.16
120	0.06	0.52	6.16	6.50

Estimated volume total, Calls 1767 Puts 999
Previous day's open int: Calls 29,036 Puts 21,705

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls—Last Dec	Calls—Last March	Puts—Last Dec	Puts—Last March
76	3.33	3.61	0.33	1.45
78	2.02	2.46	1.02	2.30
80	1.00	1.46	2.00	3.90
82	0.30	1.02	3.30	4.50
84	0.11	0.39	5.11	6.23
86	0.04	0.22	7.04	8.06
88	0.01	0.11	9.01	9.59
90	0.00	0.06	11.00	11.54

Estimated volume total, Calls 374 Puts 820
Previous day's open int: Calls 1,497 Puts 986

LIFFE FT-SE 100 INDEX FUTURES OPTIONS

Strike Price	Calls—Last Oct.	Calls—Last Nov.	Puts—Last Oct.	Puts—Last Nov.
22750	9.51	11.01	0.36	1.86
23000	7.37	9.21	0.72	2.56
23250	5.46	7.59	1.31	3.44
23500	3.84	6.15	2.19	4.50
23750	2.55	4.90	3.40	5.75
24000	1.59	3.83	4.94	7.18
24250	0.93	2.94	6.78	8.79
24500	0.51	2.22	8.868	10.57

Estimated volume total, Calls 1 Puts 11
Previous day's open int: Calls 179 Puts 181

LIFFE £/$ OPTIONS
£25,000 (cents per £1)

Strike Price	Calls—Last Oct.	Nov.	Dec.	Mar.	Puts—Last Oct.	Nov.	Dec.	Mar.
1.45	20.50	20.50	20.50	20.50	0.00	0.00	0.00	0.04
1.50	15.50	15.50	15.50	15.50	0.00	0.00	0.00	0.18
1.55	10.50	10.50	10.50	10.50	0.00	0.00	0.05	0.64
1.60	5.50	5.50	5.50	6.40	0.00	0.12	0.46	1.77
1.65	0.65	1.60	2.10	3.50	0.17	1.36	2.09	3.87
1.70	0.00	0.18	0.50	1.65	4.52	4.94	5.49	7.02
1.75	0.00	0.01	0.07	0.67	9.523	9.774	10.66	11.04

Estimated volume total, Calls 15 Puts 0
Previous day's open int. Calls 302 Puts 1,319

LONDON SE £/$ OPTIONS
£12,500 (cents per £1)

Strike Price	Calls—Last Oct.	Nov.	Dec.	Mar.	Puts—Last Oct.	Nov.	Dec.	Mar.
1.45	—	—	12.90	—	—	—	2.70	—
1.50	14.60	14.60	14.60	14.60	0.30	0.30	0.30	0.40
1.55	9.60	9.60	9.60	9.65	0.30	0.30	0.35	0.90
1.60	4.600	4.60	4.80	5.70	0.30	0.50	0.90	2.15
1.65	0.75	1.75	1.80	3.00	1.00	2.15	2.85	4.35
1.70	0.30	0.40	0.60	1.45	5.80	6.15	6.50	7.60
1.75	—	—	1.20	1.80	—	—	16.50	17.50

Previous day's open int: Calls 1075 Puts 119
Estimated Volume: 24

PHILADELPHIA SE £/$ OPTIONS
£12,500 (cents per £1)

Strike Price	Calls Oct.	Nov.	Dec.	Mar.	Puts Oct.	Nov.	Dec.	Mar.
1.575	7.60	7.60	7.60	7.95	—	0.05	0.10	0.90
1.600	5.10	5.10	5.25	6.05	—	0.05	0.40	1.55
1.625	2.60	2.95	—	4.40	—	—	—	—
1.650	0.70	1.40	2.05	3.05	0.20	1.25	1.95	3.50
1.675	—	0.65	0.95	2.20	2.15	2.85	13.50	4.95
1.700	—	0.20	0.45	1.50	4.50	4.90	5.40	6.60
1.725	—	0.05	0.20	0.950	17.00	7.25	7.60	8.40

Previous day's open int: Calls N/A Puts N/A
Previous day's volume: Calls N/A Puts N/A

LIFFE-EURODOLLAR OPTIONS
$1m points of 100%

Strike Price	Calls—Last Dec.	Mar.	Jun.	Sept.	Puts—Last Dec.	Mar.	Jun.	Sept.
90.25	0.59	0.66	0.71	0.70	0.11	0.35	0.61	0.81
90.50	0.41	0.52	0.58	0.58	0.18	0.46	0.73	0.94
90.75	0.27	0.39	0.46	0.47	0.29	0.58	0.86	1.08
91.00	0.16	0.28	0.36	0.37	0.43	0.72	1.01	1.23
91.25	0.08	0.20	0.27	0.29	0.60	0.89	1.17	1.40
91.50	0.03	0.14	0.20	0.22	0.80	1.08	1.35	1.58
91.75	0.01	0.09	0.15	—	1.03	1.28	1.55	—

Previous day's open int: Calls 1,496 Puts 1,650
Estimated Vol: Calls 217 Puts 135

LONDON

20-YEAR 12% NATIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev.
Dec.	113-27	114-22	113-26	114-13
March	114-01	114-25	114-25	114-19

Estimated volume 23,580 (17,999)
Previous day's open int. 29,069 (28,073)

6% NOTIONAL LONG TERM JAPANESE GOVT BOND Y100m 100ths of 100%

	Close	High	Low	Prev.
Dec.	96.95	97.25	96.70	96.96
March	96.45	—	—	96.46

Estimated Volume 459 (533)
Previous day's open int. 795 (856)

THREE-MONTH STERLING
£500,000 points of 100%

	Close	High	Low	Prev.
Dec.	89.59	89.66	89.57	89.64
March	89.60	89.70	89.60	89.67
June	89.60	89.68	89.62	89.66
Sept.	89.60	89.67	89.62	89.66
Dec.	89.58	89.58	89.56	89.66

Estimated Volume 4156(5495)
Previous day's open int. 17166

FT-SE 100 INDEX
£25 per full index point

	Close	High	Low	Prev.
Dec.	236.65	239.20	236.40	239.10
Mar.	241.15	—	—	243.60

Estimated volume 2,559 (2,933)
Previous day's open int. 7,792 (7,471)

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev.
Dec.	90.73	90.96	90.69	90.92
March	90.56	90.86	90.53	90.84
June	90.35	90.61	90.33	90.61
Sept.	90.14	90.37	90.10	90.38
Dec.	89.96	90.19	90.19	90.20
Mar.	89.82	—	—	90.06
June	89.69	89.86	89.86	89.93

Estimated volume 11,988 (9,243)
Previous day's open int. [illegible]

U.S. TREASURY BONDS 8%
$100,000 32nds of 100%

	Close	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CURRENCY FUTURES

POUND—$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.6535	1.6510	1.6384	1.6358	1.6285

IMM—STERLING Se per £

	Latest	High	Low	Prev.
Dec.	1.6500	1.6520	1.6405	1.6415
Mar.	1.6475	1.6515	1.6350	1.6365
June	1.6410	1.6410	—	1.6300

LIFFE—STERLING £25,000 $ per £

	Close	High	Low	Prev
Dec.	1.6501	1.6510	1.6390	1.6415
Mar.	1.6463	1.6463	1.6463	1.6375
June	1.6430	1.6430	1.6430	1.6335

Estimated volume 28 (8)
Previous day's open int 346 (354)

CHICAGO

U.S. TREASURY BONDS (CBT) 8%
$100,000 32nds of 100%

	Latest	High	Low	Prev.
Dec.	78-30	80-19	78-24	80-16
Mar.	78-06	79-26	78-00	79-24
June	77-16	79-04	77-11	79-02
Sept.	76-29	77-13	76-29	78-14
Dec.	76-13	77-08	76-13	77-28
Mar.	76-06	76-12	76-06	77-12
June	—	—	—	76-30
Sept.	—	—	—	76-17
Dec.	74-26	75-14	74-26	76-05
Mar.	—	74-16	74-16	75-26
June	—	—	—	75-16

U.S. TREASURY BILLS (IMM)
$1m points of 100%

	Latest	High	Low	Prev.
Dec.	92.19	92.44	92.19	92.41
Mar.	91.99	92.26	91.99	92.24
Jun.	91.84	91.93	91.84	92.05
Sept.	91.73	—	91.73	91.88
Dec.	91.59	91.62	91.59	91.72
Mar.	—	91.49	90.91	91.58

SWISS FRANC (IMM)
SFr 125,000 $ per SFr

	Latest	High	Low	Prev.
Dec.	0.6718	0.6725	0.6661	0.6672
Mar.	0.6792	0.6796	0.6735	0.6741
Jun.	0.6865	0.6865	0.6855	0.6812

JAPANESE YEN (IMM)
Y12.5m $ per Y100

	Latest	High	Low	Prev.
Dec.	0.7063	0.7070	0.6984	0.7001
Mar.	0.7134	0.7135	0.7055	0.7068
June	0.7705	0.7205	—	0.7141
Sept.	—	—	—	0.7214
Dec.	—	—	—	0.7284

DEUTSCHE MARK (IMM)
DM125,000 $ per DM

	Latest	High	Low	Prev.
Dec.	0.5564	0.5570	0.5523	0.5528
Mar.	0.5617	0.5620	0.5580	0.5581
June	0.5671	0.5671	0.5670	0.5641
Sep.	—	—	—	0.5703
Dec.	—	—	—	0.5753

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Latest	High	Low	Prev.
Dec.	90.69	90.96	90.67	90.94
Mar.	90.93	90.84	90.52	90.82
June	90.33	90.60	90.31	90.59
Sept.	90.11	90.37	90.11	90.38
Dec.	89.94	90.19	90.89	90.19
Mar.	89.77	90.01	90.89	90.02
June	89.63	89.87	90.89	89.87
Sept.	89.57	89.74	90.89	89.74

STANDARD & POORS 500 INDEX
$500 times index

	Latest	High	Low	Prev.
Dec.	311.30	313.45	310.80	315.80
Mar.	—	317.00	314.20	319.30
Jun.	318.50	320.70	318.30	—
Sept.	321.50	324.10	321.50	325.30

MONEY MARKETS

UK rates show very little movement

INTEREST RATES were virtually unchanged in London yesterday although longer dates showed signs of being influenced by a rise in US rates following worse than expected US trade figures.

UK clearing bank base lending rate 10 per cent since August 7

Three-month interbank money was quoted at 10⅛-10⅛ per cent, unchanged from Tuesday while the six-month rate ended at 10⅜-10⅛ per cent also unchanged. Overnight interbank money opened at 8⅞-8¾ per cent and eased off to 8¼-8¼ per cent before coming back to 11 per cent. Closing balances were taken around 10 per cent.

The Bank of England forecast a flat position with factors affecting the market including bills maturing in official hands and the repayment of any late assistance together with a take up of Treasury bills draining £281m and a rise in the note circulation a further £85m. In addition banks brought forward balances £85m below target. These were offset by Exchequer transactions which added £470m.

There was no intervention by the Bank in the morning or in the afternoon.

In Frankfurt the Bundesbank allocated DM 13.8bn at its latest sale and repurchase facility at 3.85 per cent. This was up from the previous rate of 3.75 per cent and remains consistent with recent moves by the Bundesbank to increase interest rates.

The DM 13.8bn allocated did not completely compensate for a maturing agreement which drained DM 14.4bn, and again this was seen as an attempt to tighten liquidity levels. Total applications came to DM 39.9bn.

The Bundesbank had already voiced its concern about the lively growth in West German money supply, caused partly by central bank intervention in currency markets to support the dollar, and the market had been given a number of warnings that domestic interest rates would be raised at the expense of the US dollar.

In Amsterdam the Dutch central bank accepted bids of Fl 4.6bn at the latest special advances facility at an unchanged rate of 5.1 per cent. The rate for the six-day advances was in line with expectations.

FT LONDON INTERBANK FIXING

(11.00 a.m. Oct. 14) 3 months U.S. dollars		6 months U.S. dollars	
bid 8⅞	offer 8⅞	bid 8⅞	offer 8⅞

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	9.25
Broker loan rate	8.75-9
Fed. funds	7⅝
Fed funds at intervention	7⅝

Treasury Bills and Bonds			
One month	6.32	Three year	9.35
Two month	6.67	Four year	9.57
Three month	7.44	Five year	9.70
Six month	7.97	Seven year	9.93
One year	8.30	10 year	10.07
Two year	9.08	30 year	10.08

October 14	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	3.85-3.95	4.00-4.15	4.00-4.15	4.75-4.90	4.85-5.00	5.0
Paris	7⅝-7⅜	7⅞-7⅞	7⅞-7⅞	8⅛-8⅛	8⅝-8⅜	7½
Zurich	¾-1⅛	3⅛-3⅝	—	4⅛-4⅜	—	—
Amsterdam	5⅛-5⅜	5⅝-5½	—	5⅞-5⅞	—	—
Tokyo	3.34375	3.78125	—	3.90625	—	—
Milan	10⅝-11¼	11-11½	—	12¼-12¼	—	—
Brussels	5.00	6⅛-6⅛	—	6⅝-6⅞	—	—
Dublin	8⅞-9⅛	8⅞-9	9-9⅛	9⅛-9⅞	9⅝-9⅞	—

LONDON MONEY RATES

October 14	Over-night	7 days notice	Month	Three Months	Six Months	One Year
Interbank	11-8¼	9½-9¼	9⅞-9⅞	10⅛-10⅛	10⅜-10¼	10⅝-10⅛
Sterling CDs	—	—	9⅞-9⅞	10⅛-10	10⅜-10⅛	10⅝-10⅝
Local Auth'rity Deps.	9	9⅝	9⅞	10⅛	10⅝	10½
Local Authority Bonds	—	—	10⅛	10⅝	10⅝	10⅝
Discount Mkt Deps.	10-8¼	9⅞	9⅝	9⅞	—	—
Company Deposits	9½-9	9⅞-9⅝	9⅞-9⅞	10⅛	10⅞	10⅞
Finance House Deposits	—	—	9⅞	10⅛	10½	10⅝
Treasury Bills (Buy)	—	—	9⅞	9⅞	—	—
Bank Bills (Buy)	—	—	9⅞	9⅞	9⅞	—
Fine Trade Bills (Buy)	—	—	10⅛	10⅞	10⅝	—
Dollar CDs	—	—	7.95-7.90	8.80-8.75	9.00-8.95	9.40-9.35
SDR Linked Deposits	—	—	6⅞-6⅞	7⅛-7⅞	7⅞-7⅞	7⅞-7⅞
ECU Linked Deposits	—	—	7⅛-7⅛	7⅞-7⅞	8-7⅞	8⅛-7⅞

Treasury Bills (sell); one-month 9⅞ per cent; three-months 9⅞ per cent; Bank Bills (sell); one-month 9⅝ per cent; three months 9⅞ per cent; Treasury Bills; Average tender rate of discount 9.7708 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day September 30, 1987. Agreed rates for period October 26 to November 24 1987, Scheme I: 11.42 p.c., Schemes II & III: 11.67 p.c. Reference rate for period August 29 to September 30, 1987, Scheme IV: 10.219p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 10½ per cent from October 1, 1987: Bank Deposit Rates for sums at seven days' notice 3-3½ per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 8 per cent; one-three months 8¼ per cent; three-six months 10 per cent; six-nine months 10¼ per cent; nine-12 months 10½ per cent; Under £100,000 8 per cent from September 15. Deposits withdrawn for cash 5 per cent.

WORLD MARKETS

FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY OCTOBER 14 1987					TUESDAY OCTOBER 13 1987			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1987 High	1987 Low	Year ago (approx)
Australia (91)	166.95	+1.0	149.69	153.68	2.57	165.37	148.86	152.12	180.81	99.92	89.55
Austria (16)	101.45	+0.7	90.96	95.49	2.17	100.71	90.65	95.31	102.87	85.53	96.60
Belgium (48)	123.90	+1.5	111.09	115.65	4.08	122.04	109.86	114.52	134.89	96.19	88.76
Canada (129)	130.51	−1.2	117.02	123.42	2.43	132.09	118.90	124.92	141.78	100.00	97.38
Denmark (38)	121.32	+0.8	108.78	114.56	2.55	120.34	108.33	114.29	124.83	98.18	98.09
France (122)	103.34	−1.0	92.66	97.83	2.81	104.33	93.92	99.26	121.82	98.39	95.28
West Germany (93)	100.52	+0.9	90.13	94.69	1.99	99.60	89.65	94.29	104.93	84.00	95.45
Hong Kong (46)	152.83	−0.4	137.03	153.18	3.17	153.37	138.06	153.71	158.68	96.89	89.97
Ireland (14)	159.65	+0.7	143.15	151.64	2.95	158.49	142.66	151.35	160.22	99.50	81.13
Italy (95)	95.45	+0.0	85.58	93.13	2.03	95.46	85.93	93.68	112.11	84.22	103.08
Japan (458)	152.71	+1.8	136.92	137.70	0.49	150.05	135.07	136.30	161.28	100.00	93.88
Malaysia (36)	177.20	−0.4	158.88	172.83	2.09	177.86	160.10	173.78	193.64	98.24	94.75
Mexico (14)	385.01	−4.8	345.21	676.25	0.45	404.42	364.04	704.60	422.59	99.72	77.52
Netherland (37)	120.54	−1.0	108.08	112.13	3.99	121.82	109.66	113.87	131.41	99.65	96.08
New Zealand (23)	129.15	−1.7	115.80	107.33	2.83	131.42	118.30	107.24	138.99	83.93	78.69
Norway (24)	181.10	+1.0	162.38	162.67	1.67	179.28	161.38	161.88	185.01	100.00	103.65
Singapore (27)	170.04	+0.1	152.46	164.12	1.50	169.95	152.98	164.19	174.28	99.29	101.61
South Africa (61)	187.44	−0.1	168.07	136.60	3.07	187.58	168.85	136.69	198.09	100.00	98.12
Spain (43)	163.97	−1.0	147.02	149.12	2.69	165.60	149.07	151.36	168.81	100.00	99.00
Sweden (34)	135.45	+1.2	121.45	127.53	1.79	133.83	120.47	126.60	136.64	90.85	99.19
Switzerland (53)	111.00	+0.8	99.52	103.36	1.60	110.06	99.07	102.96	111.11	92.01	95.96
United Kingdom (335)	158.73	−0.6	142.32	142.32	3.17	159.75	143.80	143.80	162.87	99.65	93.13
USA (584)	124.88	−2.8	111.97	124.88	2.96	128.52	115.69	128.52	137.42	100.00	99.30
Europe (952)	128.22	−0.2	114.97	118.16	2.80	128.53	115.69	118.98	130.02	99.78	95.39
Pacific Basin (681)	153.13	+1.6	137.30	138.56	0.67	150.64	135.60	137.22	158.77	100.00	93.56
Euro−Pacific (1633)	143.22	+1.0	128.42	130.42	1.44	141.86	127.69	129.94	143.65	100.00	94.28
North America (713)	125.18	−2.7	112.24	124.82	2.93	128.71	115.86	128.34	137.55	100.00	99.20
Europe Ex. UK (617)	109.26	+0.1	97.97	103.03	2.47	109.11	98.22	103.42	111.97	98.02	96.79
Pacific Ex. Japan (223)	158.54	+0.2	142.16	149.36	2.72	158.16	142.37	148.75	164.03	99.92	89.44
World Ex. US (1837)	143.40	+0.9	128.58	130.56	1.49	142.17	127.97	130.16	143.40	100.00	94.41
World Ex. UK (2086)	134.00	−0.5	120.15	127.31	1.87	134.61	121.17	128.34	138.82	100.00	96.62
World Ex. So. Af. (2360)	135.87	−0.5	121.83	128.60	2.00	136.52	122.89	129.69	139.47	100.00	96.29
World Ex. Japan (1963)	128.31	−1.7	115.05	124.15	2.88	130.55	117.51	126.50	134.22	100.00	97.46
The World Index (2421)	136.20	−0.5	122.12	128.70	2.01	136.85	123.19	129.78	139.73	100.00	96.30

Base values: Dec 31, 1986 = 100

EUROPEAN OPTIONS EXCHANGE

Series		Vol.	Last	Vol.	Last	Vol.	Last	Stock
		Nov 87		Feb 88		May 88		
GOLD C	$440	10	23.50	—	—	—	—	$460.50
GOLD C	$480	35	3.50	10	14	8	29	"
GOLD C	$500	—	—	9	9.50A	—	—	"
GOLD P	$440	50	1.80	—	—	—	—	"
		Dec. 87		March 88		June 88		
SILVER C	$650	4	125	—	—	—	—	$785
SILVER C	$800	32	35	—	—	—	—	"
SILVER C	$850	16	22	—	—	—	—	"
SILVER P	$800	4	60	—	—	—	—	"
		Oct. 87		Nov. 87		Dec. 87		
£/FL C	FL340	—	—	—	—	310	1.10	FL337.02
		Mar. 88		June 88		Sep. 88		
$/FL C	FL345	—	—	8	1.20	—	—	FL337.02
		Oct 87		Nov 87		Dec 87		
$/FI C	FL200	10	4.40	—	—	63	4.30	FL203.70
$/FI C	FL205	458	0.20	97	1.10	140	1.70	"
$/FI C	FL210	—	—	17	0.60	66	0.80A	"
$/FI C	FL215	—	—	20	0.40	19	0.40	"
$/FI P	FL195	—	—	—	—	10	0.80	"
$/FI P	FL200	20	0.10	57	1.20	131	2	"
$/FI P	FL205	228	1.80	205	3.20	350	4.20A	"
$/FI P	FL210	2	6	3	6.50B	100	7.50B	"
		Mar 88		June 88		Sep 88		
$/FI C	FL200	—	—	1	6.20A	—	—	FL203.70
$/FI C	FL205	10	3.40A	10	4.30A	—	—	"
$/FI C	FL210	—	—	10	2.80A	1	3.60A	"
$/FI C	FL215	—	—	14	1.60	—	—	"
$/FI P	FL200	19	4.50	3	6.50B	2	8.80	"
		Oct. 87		Jan. 88		Apr. 88		
ABN C	FL46	62	0.10	413	1.80	494	3.40	FL44.30
ABN P	FL46	1686	2.10	1332	3	214	3.20	"
AEGON C	FL85	133	0.50A	20	4.70	—	—	FL84.80
AGEON P	FL85	15	1.40	89	3.80	5	5.10B	"
AHOLD C	FL110	154	0.10	124	1.10	—	—	FL98.50
AHOLD P	FL100	323	1.60	378	5.50	—	—	"
AHOLD C	FL100	10	0.60	—	—	—	—	"
AHOLD P	FL100	2	1.30B	—	—	—	—	"
AKZO C	FL170	1570	0.50	725	8.70	29	12.80	FL168.30
AKZO P	FL170	913	2.20	511	9.40	76	10.50	"
AMEV C	FL65	—	—	91	1	39	2.50	FL57.50
AMEV P	FL60	210	3	172	3.80B	5	4.20	"
AMRO C	FL80	441	0.20	204	4.20	9	6.10	FL79.60
AMRO P	FL80	140	0.70	110	3.10	4	4.50	"
ELSEVIER C	FL54	407	2.40	—	—	—	—	FL55.80
ELSEVIER P	FL60	88	4	114	5.20	42	7.50B	"
GIST-BROC. C	FL50	331	0.10	206	2.40	—	—	FL47.60
GIST-BROC. P	FL50	394	2.50	70	3.80	6	5	"
HEINEKEN C	FL180	—	—	94	3.50	1	7	FL167.90
HEINEKEN P	FL160	11	0.20	192	4.40	—	—	"
HOOGOVENS C	FL45	343	0.80	123	3.60	41	5.70	FL45.80
HOOGOVENS P	FL45	151	0.40	101	2.70	4	3.70	"
KLM C	FL50	829	0.10	502	3.20	55	5.10	FL48.80
KLM P	FL50	617	1.10	502	3.60	347	4.50	"
NEDLLOYD C	FL190	149	0.70	29	10.70	—	—	FL187
NEDLLOYD P	FL180	49	0.50	135	7.20	1	12	"
NAT.NED. C	FL70	324	0.20	134	3.60	57	5.70	FL69
NAT NED P	FL70	658	1.40	617	3.70	93	5	"
PHILIPS C	FL50	1439	0.50	625	2.90	73	4.20	FL49.90
PHILIPS P	FL55	990	5.40	1020	6.20	48	7.40	"
ROYAL DUTCH C	FL260	1029	0.60B	160	10.10	3	17	FL257.80
ROYAL DUTCH P	FL260	713	2.90	350	9.20	12	11	"
ROBECO P	FL110	11	0.60B	47	3.20	13	4.50	FL110.20
UNILEVER C	FL132	1509	0.40	60	7.80	—	—	FL130

TOTAL VOLUME IN CONTRACTS: 70,779

A=Ask B=Bid C=Call P=Put

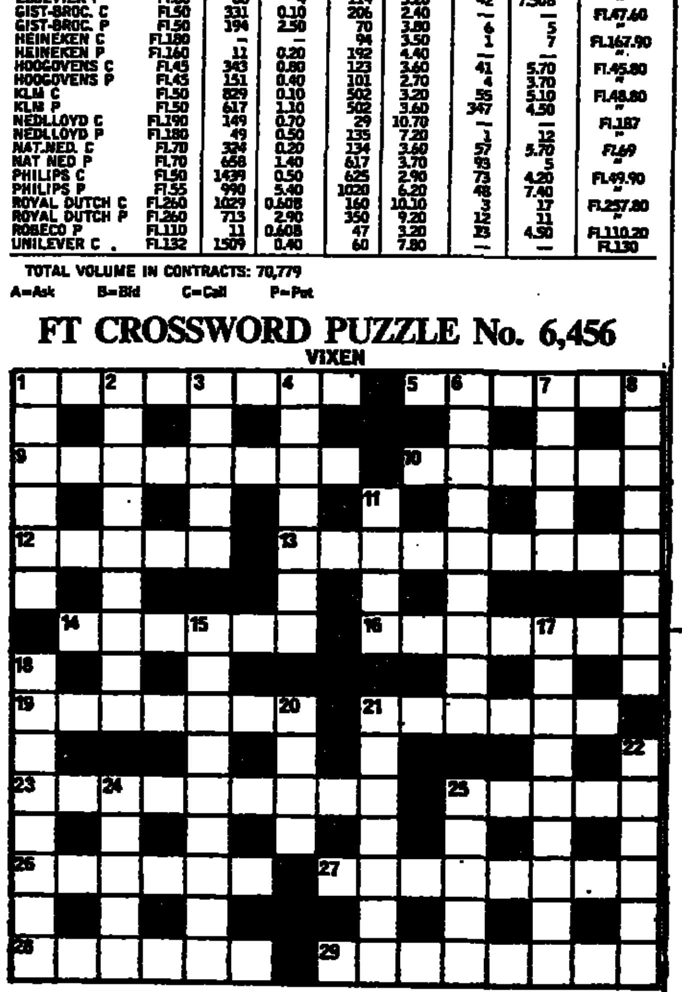
BASE LENDING RATES

	%		%		%
ABN Bank	10	● Charterhouse Bank	10	Nat Bk. of Kuwait	10
Adam & Company	10	Citibank NA	10	NatWestminster	10
Allied Arab Bk Ltd	10	City Merchants Bank	10	Northern Bank Ltd	10
Allied Dunbar & Co	10	Clydesdale Bank	10	Norwich Gen. Trust	10
Allied Irish Bank	10	Comm. Bk. N. East	10	PK Finans. Intl (UK)	10½
American Exp. Bk	10	Consolidated Cred	10	Provincial Trust Ltd	11
Amro Bank	10	Co-operative Bank	*10	R. Raphael & Sons	10
Henry Ansbacher	10	Cyprus Popular Bk	10	Roxburghe G'rantee	10½
ANZ Banking Group	10	Duncan Lawrie	10	Royal Bk of Scotland	10
Associates Cap Corp	10	Equat'l Tst C'p plc	10	Royal Trust Bank	10
Authority & Co Ltd	10	Exeter Trust Ltd	10½	Smith & Williams Secs	10
Banco de Bilbao	10	Financial & Gen. Sec	10	Standard Chartered	10
Bank Hapoalim	10	First Nat. Fin. Corp	11	TSB	10
Bank Leumi (UK)	10	First Nat. Sec. Ltd	11	UDT Mortgage Exp	¶11.1
Bank Credit & Comm	10	● Robert Fleming & Co	10	United Bk of Kuwait	10
Bank of Cyprus	10	Robert Fraser & Ptrs	11	United Mizrahi Bank	10
Bank of Ireland	10	Girobank	10	Unity Trust PLC	10
Bank of India	10	Grindlays Bank	10	Western Trust	10
Bank of Scotland	10	● Guinness Mahon	10	Westpac Bank. Corp	10
Banque Belge Ltd	10	HFC Trust & Savings	10	Whiteaway Laidlaw	10½
Barclays Bank	10	● Hambro Bank	10	Yorkshire Bank	10
Benchmark Tst Ltd	10	Heritable & Gen. Tst	10		
Beneficial Trust Ltd	11	● Hill Samuel	§10		
Berliner Bank AG	10	C. Hoare & Co	10		
Brit Bk of Mid East	10	Hongkong & Shangh	10		
● Brown Shipley	10	Lloyds Bank	10		
Business Mtge Tst	10	Meghraj & Sons Ltd	10		
CL Bank Nederland	10	Midland Bank	10		
Canada Permanent	10	● Morgan Grenfell	10		
Cayzer Ltd	10	Mount Credit Corp. Ltd	10		

● Members of the Accepting Houses Committee. * 7-day deposits 5%. Sunwise 7.66%. Top Tier—£2,500+ at 3 months' notice 9.31%. At call when £10,000+ remains deposited. ¶ Mortgage base rate. § Demand deposit 4.98%. Mortgage 11.125%.

FT CROSSWORD PUZZLE No. 6,456

VIXEN



ACROSS

1 A seaman in pain? That's disturbing (8)
5 Speedily find a little money—balance nil! (6)
9 Pop back to extol value (8)
10 Possessions giving status (6)
12 In general Argentines are liberal (5)
13 Nice nag or otherwise—there's no knowing (9)
14 Way up in front of the alternative due to lack of response (6)
16 Taken in hand by the main supervisor (7)
19 Determine to make engineers find an answer (7)
21 Note the right 6 down (6)
23 Restless devil, the worker having to join in (9)
25 Turner's written fifty articles (5)
26 There'll be a song made about new bid being set aside (4, 2)
27 It's quite unnecessary to cause irritation with some craft (8)
28 Looked for fruit about mid-November (6)
29 He's killing!—takes fools in (8)

DOWN

1 The old may be without parking, though it's essential (6)
2 Letters for people making unauthorised copies (9)
3 "War is the . . . . of kings." Dryden (King Arthur) (5)
4 A good man put in control turned less pleasant (7)
6 21 across lie about exercise taken (9)
7 Spring in the country (5)
8 To peer at odd characters as a form of entertainment (8)
11 Fly in something natty but comfortable (4)
15 Getting a friend onto a board is very pleasing (9)
17 German princess who made her mark? (9)
18 Items for broadcast recitals (8)
20 Quits the day before new start is to be made (4)
21 Staggers the salvage-collectors (7)
22 Individual for each issue (6)
24 The cost of producing soft grain (5)
25 A name that may well appear daily (5)

Solution to puzzle No. 6,455

PENTAGON SCRAPE
L U B P O D A
UNTRACED ANIMUS
M R C N B S O Y
BRIGADIER TENET
S A N A A I A
STAG GENESIS
S H R C H K
TRAGEDY PIER
A N M A R B R
LYDIA WHOLESOME
W I T S J L N V
ANCHOR DENOUNCE
R A D C P I A
TIPPET ETHEREAL

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

[illegible]

INSURANCES

[illegible]

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

Manufacturers Life Insurance—Contd.

Gilt-Edged Inc.	224.8			—
Do. Accum.	277.6			—
Guaranteed Inc.	159.4			—
Do. Accum.	196.9			—
International Inc.	507.0			—
Do. Accum.	625.6			—
Index Lk. Gilt Inc.	128.8			—
Do. Accum.	159.0			—

Merchant Investors Assurance
Leon House, 233 High St. Croydon 01-686 9171

Property	322.0	+0.1	—
Property Pens.	437.0	+0.3	—
Equity	206.1	+1.0	—
Equity Pens.	946.6	+7.6	—
Money Market	297.9	+0.9	—
Money Mkt. Pens.	337.8	+1.7	—
Deposit	240.4	+0.1	—
Deposit Pens.	385.8	+0.1	—
Managed	309.1	+0.9	—
Managed Pens.	605.5	+2.9	—
Intl. Equity	363.9	+0.2	—
Do. Pens.	395.7	+0.6	—
Intl. Managed	333.3	+0.5	—
Do. Pens.	981.1	+1.5	—
North American	131.7	+1.2	—
Do. Pens.	150.8	+2.0	—
Far East	304.9	-0.6	—
Do. Pens.	454.7	-1.1	—
Intnl. Currency	169.1	+0.6	—
Do. Pens.	228.2	+1.1	—
Index Linked	120.4	+0.3	—
S & C Managed Fd	142.7	-0.3	—
S & C Pens Mngd Fd	117.0	-0.2	—
Bell Chambers	131.9		—
Loman & Loman	122.9	+1.0	—
Meton Mngd Fnd	161.6		—

Touche Life Funds

Per Worldwide Rec.	173.2	-0.3	—
Per Far East Growth	225.0	-0.8	—
Per Intl Growth	166.6	-0.3	—
Per Income	181.5	+0.5	—
Per Emerging Co's	163.7	-0.8	—
Per American Growth	146.1	-0.5	—
Per European Growth	137.1	-0.1	—
Fra American & Gen	119.7	-0.8	—
Fra Capital	192.7	+0.5	—
Fra Income	198.2	+0.5	—
Fra Intl Growth	137.9	-0.3	—
Fra Japan & Gen	203.9	+2.7	—
Fra Recovery	204.1	-0.2	—

Norwich Union Asset Management Ltd
PO Box 124, Norwich NR1 1JS 0603 683986

NUAM Funds

Managed Fund	58.7	61.8	+0.1	—
Stock Market Mngd Fund	60.7	63.9	+0.2	—
Equity Fund	66.2	69.7	+0.1	—
International Fund	56.2	59.2	+0.3	—
European Fund	59.0	62.2	-0.2	—
North American Fund	49.9	52.6	+0.2	—
Pacific Fund	66.7	70.3	+0.4	—
Property Fund	52.9	55.7		—
Fixed Interest Fund	48.3	50.9		—
Index Linked Sec Fund	44.2	46.6		—
Deposit Fund	51.7	54.5		—

NUAM Retirement Plans

Mixed Fund	63.6	67.0	+0.3	—
UK Ordinary Share	77.8	81.9	+0.4	—
International Fund	57.4	60.5	+0.4	—
Property Fund	53.0	55.8		—
Fixed Interest Fund	50.1	52.8	+0.2	—
Index Linked Sec Fund	44.6	47.0		—
Deposit Fund	53.8	56.7	+0.1	—

NUAM (MF)

Managed Fund	809.6	852.0	+1.8	—
Equity Fund	1776.9	1870.5	+4.5	—
Property Fund	329.2	346.7		—
Fixed Interest Fund	356.3	375.1	-0.1	—
Deposit Fund	211.5	222.5	+0.1	—
International Fund	145.9	153.6	+0.6	—
Index Linked Sec Fund	44.3	46.7		—

Norwich Union Life Insurance Soc.
PO Box 4, Norwich NR1 3NG 0603 622200

Pensionmaster* & Unit-Linked Plan*

Fixed Interest Fund	250.8	264.0	+1.1	—
Index-Linked Sec Fund	126.4	133.0	-1.5	—
Ordinary Share Fund	565.0	594.7	+0.1	—
International Fund	147.3	155.0	-3.2	—
Property Fund	164.1	172.7	+0.1	—
Deposit Fund	168.5	177.3	+0.5	—
Mixed Fund	353.9	372.5	+1.5	—
Norwich Units Sep 15		1818.4		

*Prices as at June 30.

Pearl Assurance (Unit Funds) Ltd
252 High Holborn, London WC1V 7EB 01-405 8441

Prop. Dist. (Gross)(z)	156.6	164.9		—
Prop. Acc. (Gross) (z)	245.8	258.8		—
Equity (Gross) (z)	798.8	840.9	+1.7	—
Managed (Gross) (z)	936.1	985.3	+0.9	—

OFFSHORE AND OVERSEAS

MANAGEMENT SERVICES

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

1987 High	1987 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
		"Shorts" (Lives up to Five Years)				
107¾	100⅛	Treas. 12pc 1987	100⅛xd	.....	—	—
99⅞	97⅞	Treas 7¼pc 1985-88‡‡	99½	.....	7.79	9.18
102¼	99⅞	Exch 10½pc '88	100¼xd	.....	10.47	10.14
101⅛	98⅞	Treas 9¾pc Cv '88	99⅞	+⅛	9.78	10.11
97⅛	93⅞	Transport 3pc '78-88	96⅞	–⅛	3.10	7.85
101⅞	98⅛	Treas. 9½pc '88	99⅞xd	.....	9.56	10.10
105⅞	101⅛	Treas 11½pc 1989	101⅞	–⅛	11.34	10.26
102⅛	97⅞	Treas 9½pc Cnv 1989	99xd	–⅛	9.60	10.22
94⅞	89¼	Treas 3pc 1989	93¼xd	+⅛	3.22	7.57
104¼	99⅞	Treas 10½pc 1989	100¼	–⅛	10.48	10.32
103⅛	98¼	Exch 10pc 1989	99⅞	–⅛	10.06	10.31
105¼	100⅛	Exch 11pc 1989	101⅛xd	–¼	10.87	10.31
95⅞	89⅞	Treas 5pc 1986-89	93⅛xd	–¼	5.37	8.80
108⅛	99⅞	Exch 10¼pcCv '89	100¼xd	–⅛	10.21	10.01
111⅛	105	Treas 13pc 1990‡‡	105⅞	–⅛	12.33	10.18
106¼	100⅞	Exch 11pc 1990‡‡	101⅞	–⅛	10.85	10.26
110⅛	104¼	Exch. 12½pc 1990	104⅞xd	–¼	11.94	10.26
91⅞	84¼	Treas. 3pc 1990	88⅞xd	–⅛	3.38	7.28
100⅛	93⅞	Treas 8¼pc 1987-90‡‡	95¼	–⅛	8.61	10.06
105	97½	Treas. 10pcCv 1990	99¼xd	–⅛	10.07	10.28
89⅞	81⅛	Exch 2½pc 1990	86	–⅛	2.91	7.64
110¼	102⅞	Treas 11¾pc 1991	103⅞	–⅛	11.33	10.32
95⅛	87¼	Funding 5¾pc '87-91‡‡	89⅛xd	–⅛	6.43	9.38
89⅛	80¼	Treas. 3pc 1991	84⅞xd	–⅛	3.54	7.94
110⅞	99	Treas 10pc Cv '91 ‡‡	100¼	–⅛	10.00	9.98
109¼	101¼	Exch. 11pc 1991	102¼xd	–⅛	10.75	10.27
96⅛	91⅞	Treas. 8pc 1991	92¼	–⅛		
116⅛	107¾	Treas 12¾pc 1992‡‡	108⅞	–⅛	11.77	10.26
106⅛	97⅞	Treas 10pc 1992	99¼	–⅛	10.09	10.24
99¼	90⅞	Treas. 8pc 1992 ‡‡	92¼xd	–⅛	8.70	10.25
108⅞	99¾	Treas 10½pc Cv 1992‡‡	100⅞xd	–⅛	10.41	10.26
85¼	79¼	Treas. 3pc 1992	79⅞	–⅛	3.74	8.03

BRITISH FUNDS—Contd

FOREIGN BONDS & RAILS

AMERICANS

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Money Market Bank Accounts

Money Market Trust Funds

Continued on next page

LONDON SHARE SERVICE

AMERICANS—Continued

1987 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
39	27¼	Rep NY Corpn $5	32½	+⅛	$1.16	—	2.2
18¾	13⅞	Rockwell Intl. $1	14⅝	+⅛	66c	—	2.8
30⅛	22⅞	Sara Lee $1	24⅞	–⅛	$1.00	—	2.5
11⅛	8⅞	Saul (B. F.) $1	11¼	–⅛	20c	—	1.1
27⅛	21¼	Southwestern Bell $1	26¼	+1	$2.32	—	5.3
22¼	14¼	Staley Continental	18½	+½	80c	—	2.7
44⅛	34⅛	Sun Co. Inc. $1	35	+⅛	$3.00	—	5.3
42¼	28½	TRW Inc. $0.625	36⅝	+⅛	$1.60	—	2.7
37¼	25⅞	Tenneco $5	35⅞	+⅛	$3.04	—	5.2
220	149½	Do. 10pcLn.Stk. 91-5	220		10%	—	4.7
29¾	17⅛	Texaco $6.25	23⅞	–⅛	$3.00	—	7.7
74⅛	47¼	Time Inc. $1	63⅝	+1¼	$1.00	—	1.0
19¾	11	Tracor $0.33	19⅝	–⅛	40c	—	1.3
30⅜	18⅞	Transamerica $1	24⅛	+½	$1.84	—	4.5
14⅛	1¼	Transworld Corp $5	11¼	–¼	20c	—	1.1
27¼	14⅞	TRINOVA Corp.	23½	–⅛	$2.00	—	2.6
24⅛	15⅛	USX $1	22⅞	+⅛	$1.20	—	3.3
19⅝	15⅛	Union Carbide $1	18¼	+⅛	$1.50	—	4.9
37¼	26¼	Utd. Technologies	32⅞	+⅛	$1.40	—	2.6
38¾	27	US West$	35¼	+⅛	$3.28	—	5.6
30⅛	17¼	Waste Management $1	26⅞	–⅛	—	—	—
£31⅛	£20½	Whirlpool $1.0	£22¼	+¼	—	—	—
37¼	26	Woolworth $3½	29⅛	+1⅛	$1.32	—	2.8

CANADIANS

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS—Cont

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Cont.

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

[illegible]

INDUSTRIALS—Continued

[illegible]

INSURANCES

[illegible]

LONDON SHARE SERVICE

INSURANCES—Continued

LEISURE

MOTORS

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PAPER, PRINTING—Continued

PROPERTY

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TEXTILES—Cont.

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

FINANCE, LAND—Cont.

Finance, Land, etc

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

MINES—Continued

Tins

Miscellaneous

1987 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
90	21	♥Colby Res Corp	53½	−2½	—	—	—
*313	127	Cons. Murch. 10c	313		Q60c	4.4	5.9
*72	37½	♥Ennex.Int..Ir10p	64	−4	—	—	—
*440	139½	Greenwich Res	409	−1	—	—	—
£13¾	963	Hemlo Gold Mines	£10⅞	−⅛	—	—	—
355	189	♥Highwood Res	250		—	—	—
£29	£16⅛	Homestake Mining $1	£25⅞	−1	Q20c	—	0.5
455	150	♥McFinley Red Lake	326	−6	—	—	—
166	38¾	♥Mosto Explorations	46½		—	—	—
160	37½	♥New Sabina Res C$1	142		—	—	—
598	200	Northgate C$1	413		—	—	—
237	104	Nor-Quest Resources	135	+4	—	—	—
£14½	698	RTZ	£13½	−⅛	†23.5	2.9	2.4
£359¼	£113¼	Do. 9½pcLn '95-2000	£274	−3	Q9½%	16.5	(3.5
107	11	♥Thorco Res. Inc.$	32½	−1½	—	—	—

THIRD MARKET

1987 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
485	180	Abelscot Group 10p	415xr		3.5	2.7	1.2	44.6
56	28	Aberdeen Am Pet 10p	45	+1	—	—	—	—
150	110	Allied Ins. Brokers	143		R4.0	2.5	3.8	16.2
83	61	Amercoeur Energy 10p	64	−1	—	—	—	—
111	86	Andaman Res. 10p	88		—	—	—	—
46	9	Ardmore Pet. 'A'	18		—	—	—	—
285	102	Broadcast Comms.	279		—	—	—	—
192	61	Camotech 10p	181		R2.0	1.9	1.5	46.6
103	45	Catalyst Comms. 5p	101	−1	—	—	—	42.0
200	153	Chelsea Artisans 5p	185		—	—	—	24.5
108	85	ChemEx Intl.	94	−1	—	—	—	—
180	140	Comar Group 5p	159	+2	—	—	—	—
151	47	Corton Beach 10p	128	+4	0.4	♦	0.4	♦
228	150	Crown Eyeglass 5p	228	−5	—	—	—	—
*62	6	Eglinton Expln. I.R.5	25	−1	—	—	—	—
41	15	Do. Warrants	18	+1	—	—	—	—
186	101	Far East Res. 10p	163	−2	—	—	—	—
110	30	Gardner (J.) 5p	107		R1.25	2.3	1.6	37.0
53	29	Honorbilt Group 5p	49	−1	—	—	—	41.2
133	115	Leading Leisure 5p	123	−2	0.9	3.1	1.0	35.6
90	68	Lynx Tech. 5p	87	−3	b—	—	—	10.0
180	115	Medirace 10p	177	−2	—	—	—	—
98	44	♥Ovoca Gold IR0.02	95	+7	—	—	—	—
82	17	Publishing Hldgs 5p	65xr	+1	—	—	—	39.1
87	45½	Theme Holdings	85	+6	1.0	1.9	1.6	45.6
210	140	UPL Group 10p	207	−1	L2.41	2.8	1.6	—
140	111	Unit Group	132	−2	R4.6	2.5	4.8	(9.4)

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 27 *per* cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ## Dealt in under Rule 535(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ¤ No par value.

B.Fr. Belgian Francs. Fr. French Francs. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest *annual earnings*. *u Forecast, or estimated annualised dividend rate,* cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does *not* apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1987. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; *xd ex capital distribution.*

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	98	
Craig & Rose £1	763	+18
Finlay Pkg. 5p	117	
Holt (Jos) 25p	£11½xd	−⅛
IoM Stm. £1	323	+25

IRISH

Fund 11¾% 1988	£100⅛	
Nat. 9¾% 84/89	£98⅞	
Fin. 13% 97/02	£109⅞	
Arnotts	390	+20
CPI Hldgs	94	−2
Carroll Inds.	190	
Dublin Gas	40¢	
Hall (R. & H.)	195	
Heiton Hldgs.	72	−2
Irish Ropes	185	
Norish	345	
Unidare	430	

TRADITIONAL OPTIONS

3-month call rates

Industrials	p		
Allied-Lyons	40	NEI	13
Amstrad	19	Nat West Bk	65
BAT	62	P & O Dfd	65
BOC Grp	50	Plessey	20
BSR	17	Polly Peck	34
BTR	36	Racal Elect	32
Babcock	32	RHM	35
Barclays	52	Rank Org Ord	70
Beecham	52	Reed Intnl	50
Blue Circle	50	STC	30
Boots	30	Sears	16
Bowaters	50	TI	37
Brit Aerospace	50	TSB	12
Brit. Telecom	28	Tesco	18
Burton Ord	32	Thorn EMI	65
Cadburys	25	Trust Houses	25
Charter Cons.	45	T&N	26
Comm Union	34	Unilever	62
Courtaulds	45	Vickers	20
FNFC	32	Wellcome	42
Gen Accident	95	**Property**	
GEC	22	Brit Land	30
Glaxo	200	Land Securities	58
Grand Met	50	MEPC	48
GUS 'A'	125	Peachey	40
Guardian	95	**Oils**	
GKN	38	Brit Petroleum	32
Hanson Tst	17	Britoil	30
Hawker Sidd	58	Burmah Oil	52
ICI	125	Charterhall	10
Jaguar	52	Premier	11
Ladbroke	45	Shell	125
Legal & Gen	32	Tricentrol	11
Lex Service	45	Ultramar	26
Lloyds Bank	35	**Mines**	
Lucas Inds	75	Cons Gold	125
Marks & Spencer	22	Lonrho	28
Midland Bk	45	Rio T Zinc	100
Morgan Grenfell	55		

A selection of Options traded is given on the London Stock Exchange Report Page.

LONDON STOCK EXCHANGE

Account Dealing Dates			
*First Dealings	Option Declarations	Last Dealings	Account Day
Sept 28	Oct 8	Oct 9	Oct 19
Oct 12	Oct 22	Oct 23	Nov 2
Oct 26	Nov 5	Nov 6	Nov 16

*New time dealings may take place from 9.00 am two business days earlier.

US trade deficit news brings falls in leading equities and Gilt-edged stocks

It was the turn of transatlantic influences to set the trend for the UK securities markets yesterday, when the reaction in US markets to the latest Federal trade figures brought falls in London's share and Government bond prices.

Both equities and Gilts turned downwards as the US dollar and bond sector tumbled on the announcement of a deficit of $15.68bn on US trade in August. However, selling was not heavy and British Government bonds quickly found buyers at the lower levels, as further improvement in sterling reinforced confidence in the present levels of domestic interest rates.

The stock market opened firmly, but was already turning easier when the US trade deficit announcement put prices on the slide in London. Traders identified at least two sizeable trading programmes which involved both buy and sell orders, with sellers predominating.

Overall, however, selling pressure in equities was not sufficient to suggest any change of trend in a market which continues to take an optimistic view of the UK economy. The latest economic statistics, showing a rise of 0.8 per cent in UK industrial output in August were well received.

The FT-SE 100 Index closed down 27.3 at 2322.9, the lowest point of the session as the Dow Average slumped in early trading. At 1834.7, the FT Ordinary Index lost 9.4.

The big investment institutions were occupied yesterday with preparations for the underwriting and pricing today of the fixed offer portion of the £7.5bn British Petroleum sale. Oil stocks lost only a little ground in London despite the slide on Wall Street.

There a few large lumps of stock in the multinationals on offer but Glaxo steadied as the selling prompted by disappointment with the results died away. Wellcome remained under pressure as proposals to reconsider the "orphan drug" legislation cleared a US Senate Committee, opening the way for a full Senate debate early next month. New legislation could affect Wellcome's anti-AIDS product.

The big loser among the transatlantic stocks was Reuters, which crumbled afresh as London funds sold the shares, apparently on nervousness over the shakeout in the US securities industry, which is a prime market for the firm's electronic trading equipment. Kidder Peabody announced in New York that it is following Salomon Bros in withdrawing from the market in US municipal bonds.

Government bonds were steadying in late dealings as Federal bond futures moved above their lows in Chicago, and closed with net losses of ½ to ⅜. Traders stressed that, while there had been one hefty seller early in the session, prices were attracting cheap buyers before the day's lows were reached. Gains of ½ in the Index-linked inflation hedging issues were ascribed to short covering by a major trader.

The session provided further evidence that UK Gilts are at present insulated to a large degree from international pressures. UK traders pointed out that London had stood up well against the latest fall in the US Federal sector which sent yields on the ten year Federal note above 10 per cent, equalling the yield on 30 year Federals and breaking a significant resistance level.

There was little movement in gold shares in London despite the dollar's reaction in the face of the US trade deficit news. Prices tried to edge forward as bullion prices improved. But, with the exception of a few heavyweights, headed by Vaal Reefs, share prices had little to show at the end of the day.

The declaration by the Governor of the Bank of England that he would need "some persuading" before allowing an industrial or commercial company to take control of any bank, and particularly a clearer, proved a major broadside for the banking sector. All sector leaders fell sharply with Midland leading the clearing banks lower. Midland have recently been the subject of intense takeover speculation after a tentative and rebuffed approach from Saatchi & Saatchi, confirmation that Hanson Trust had built up a 6 per cent plus stake and rumours that various stakes of around 2 or 3 per cent have been acquired by Prudential Corporation and Robert Maxwell. Midland shares dropped to 517p at the outset of trading but, later rallied to end the day a net 35 off at 518p. NatWest fell 10 to 750p and Barclays 8 to 614p while Lloyds eased 5 to 352p.

Royal Bank of Scotland, also recently regarded as a possible bid target, dipped 10 to 422p, after 413p. Merchant banks were marked down sharply early on, but generally closed well above the day's lowest levels. Morgan Grenfell dropped to 553p before ending the session a net 18 off at 569p while Kleinwort Benson - which go ex-rights today - fell 27 to 624p.

Worries that any possible bids in the insurance sector may also run into problems with the authorities triggered a widespread sell-off in the sector. In lifes, Legal and General retreated 21 to 369p while Equity & Law eased to 442p in the wake of a fall in Du Midi shares on the Paris bourse. The tie-up with Midland Bank over a range of life assurance products helped move Commercial Union up to 461p early on but the general fall in the market brought CU back to close a net 3 off at 456½p.

Fresh speculative enthusiasm for Breweries regarded as possible bid targets was dampened by the general market easiness. There was also scattered profit-taking which brought Greenall Whitley back 4½ to 244½p and lowered Vaux 7 to 592p.

Leading Buildings went better initially but, in the absence of follow-through demand, eased back to close lower on balance. Blue Circle touched 495p before settling 6 cheaper at 485p. Tarmac, the subject of an investment recommendation, progressed to 315p prior to closing unchanged at 307p. Programme trade selling left BPB Industries 7 off at 338p and RMC 8 lower at 534p, but consortium takeover hopes continued to boost Barratt Developments which, in a turnover of some 5m shares, put on 11 to 246p. Ireland's CRH, formerly Cement Roadstone, dipped to 186p before closing unchanged at 190p following details of the company's latest and largest acquisition to date; CRH has agreed to acquire the Catalin Concrete Group from Spanish utility Fuerzas Electricas De Cataluna SA of Barcelona in Spain for £56.4m; the deal will be partly financed by a placing of 18.8m new shares with institutional investors at 179½p per share. Rubereid continued to attract a sizeable trade on takeover hopes and rose 13 more to 192p, but Turriff Corporation fell 15 to 383p on the proposed £4.9m rights issue which accopanied the interim results. Tay Homes rose 20 to 478p following excellent annual figures.

ICI came back $\frac{5}{16}$ to £15$\frac{11}{16}$ on currency influences, but Yorkshire Chemicals gained 10 to 357p on talk that a broker's circular was in the offing.

Stores were hit by the general decline but dealers reported good support at the lower levels. A substantial turnover was seen in Marks and Spencer where over 12m shares changed hands; the share price closed 2 up at 251p after two substantial parcels of shares went through the market - one of 2.5m shares and another of 1m shares.

Style shares dropped sharply and closed 28 off at 343p after British Land abandoned its attempt to challenge thevoting structure.

Engineers recorded several good features, with Ash and Lacy prominent at 765p, up 35, in response to newsletter comment. Revived bid speculation left Manganese Bronze 7 to the good at 260p while Porter Chadburn, still reflecting the agreed acquisition of Tasco, a distributor of products in sports and leisure markets, advanced 12 more to 157p. Speculative buying revived in S.W. Wood, which put on 13 to 193p. ML Holdings, helped by the success of the offer to shareholders under the placing arrangement to acquire Wallop, firmed 5 to 210p, while Spirax Sarco hardened a shade to 235p following the half-year figures.

Foods made a decidedly mixed showing. Cadbury Schweppes, in which some 4.3m shares changed hands, including a block of some 1.8m shares, closed unchanged at 286p. Rowntree, on the other hand, shed 9 to 555p, while Unigate, despite talk of a bid from Nestle, settled a penny off at 382p. United Biscuits added 3 more to 332p in a market none-too-well supplied with stock and Hillsdown improved a similar amount to 352p. RHM put on 6 to 364p on revived hopes of a bid from Goodman Fielder of Australia. Among Retailers, recent takeover favourite Dee Corporation shed 11 to 218p as recent takeover speculation faded, but William Low gained 66 to 806p on news that Rainbow Orient has acquired a 5.17 per cent stake. Ladbroke, a strong performer on Tuesday, eased 6 to 480p; 7m shares changed hands, including a block of 3.1m shares at 486p. International stocks turned easier in the face of the early setback on Wall Street. Reuters were a particularly weak market again at 785p, down 51. Wellcome, still reflecting possible competition for its ant/Aids drug Retrovir, met with US and domestic offerings which left the shares 27 at 480p. Glaxo, inclined harder initially after the recent sharp setback on the preliminary figures, drifted back to close ¼ cheaper at £14⅝.

Agency and sales promotion issues retained their appeal to investors and KLP chalked up a further gain of 20 to 505p. Reflecting US expansion hopes - the group may acquire a New York-based concern before the year end - FKB rose 15 to 403p.TMD, meanwhile, maintained this week's upward momentum, inspired by the Media Weekly rating, and closed a further 3 dearer at 220p. Renewed institutional inquiries stimulated good activity in Bunzl, which advanced 4 to 257p, while Goodhead Print jumped 20 to 243p. In thin markets, Space Planning Services rose 15 to 123p.

The Property leaders turned easier as recent buying enthusiasm evaporated. Land Securities dipped 23 to 580p while MEPC gave up 17 at 547p. Peachey moved against the trend on sporadic buying interest and closed 9 higher at 451p; the shares will be quoted ex the rights issue soon. Kentish Properties continued to move higher on property deal hopes and closed 11 higher at 342p, but the "Gerald Ronson" factor depressed Control Securities which eased 3 to 87p. Southend Stadium continued to make progress and rose 14 more to 324p.

Mersey Docks and Harbour reacted afresh to 395p, down 20,awaiting further developments in the Peel Holdings situation.

Selective support was forthcoming for Textiles, Allied rising 12 to 417p and Atkins Bros. 12 to 422p. Readicut, helped by acquisition news, firmed 2 to 108½.

Rothmans, still benefiting from the Far Eastern acquisition, put on 16 further to 489p.

The belief that a share stake would be disclosed shortly led to further buying of M & G and the price extended the recent strong advance to close 18 up at 449p. MAI were also in demand, gaining 11 to 708p while Tyndall moved 7 higher to 446p following the success of the rights issue. Other miscellaneous financials ran into profit-taking. Among stocks to suffer were Smith New Court, down 8 at 365p, Aitken Hume, 9 off at 156p, and Centreway Trust, which gave up 10 at 148p.

Sharply increased mid-term profits from Harrisons & Crosfield had been discounted. Owing more to the surrounding dullness than any other factor the shares slipped 19 to 731p, while Lonrho edged down 6 to 353p. Sporadic interest in a limited market raised African Lakes 8 to 95p.

FINANCIAL TIMES STOCK INDICES

	Oct. 14	Oct. 13	Oct. 12	Oct. 9	Oct. 8	Year ago	1987 High	1987 Low	Since Compilation High	Since Compilation Low
Government Secs	85.65	85.78	85.63	85.49	85.68	82.75	93.32 (8/5)	84.49 (6/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	91.67	92.27	92.24	92.20	91.88	88.99	99.12 (15/6)	90.23 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1834.7	1847.4	1835.2	1858.2	1866.9	1276.4	1,926.2 (16/7)	1,320.2 (2/1)	1,926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	438.2	447.6	452.3	449.5	445.8	309.9	497.5 (4/8)	288.2 (19/2)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	3.28	3.26	3.27	3.17	3.15	4.37				
Earnings Yld.%(full)	8.06	8.00	8.02	7.78	7.75	10.04				
P/E Ratio (net) (*)	15.17	15.28	15.24	15.72	15.82	12.21				
SEAQ Bargains (5 pm)	35,468	37,493	38,499	52,356	42,163	—				
Equity Turnover (£m)	—	4133.29	1267.34	1515.90	1812.88	640.26				
Equity Bargains	—	44,576	53,280	56,071	51,240	56,316				
Shares Traded (ml)	—	522.7	541.2	610.7	625.5	336.4				

S.E. ACTIVITY

Indices	Oct. 13	Oct. 12
Gilt Edged Bargains	106.2	103.5
Equity Bargains	288.8	280.4
Equity Value	8354.5	2561.6
5-Day Average		
Gilt Edged Bargains	105.1	104.6
Equity Bargains	317.3	318.6
Equity Value	4181.9	3243.2

♥ Opening 1853.1 | 10 a.m. 1853.2 | 11 a.m. 1844.4 | Noon 1846.3 | 1 p.m. 1847.1 | 2 p.m. 1842.9 | 3 p.m. 1838.0 | 4 p.m. 1834.1

Day's High 1854.6 Day's Low 1833.6. Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 15.67 * Nil=14.97.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

NEW HIGHS AND LOWS FOR 1987

NEW HIGHS (120)

CANADIANS (1), BANKS (4), BREWERS (1), BUILDINGS (9), CHEMICALS (4), STORES (4), ELECTRICALS (7), ENGINEERING (6), FOODS (2), INDUSTRIALS (27), INSURANCE (2), LEISURE (2), MOTORS (4), NEWSPAPERS (1), PAPERS (11), PROPERTY (4), SHIPPING (1), TEXTILES (3), TRUSTS (22), PLANTATIONS (1), MINES (1), THIRD MARKET (1).

NEW LOWS (7)

AMERICANS (1) Hasbro, CANADIANS (1) Am Lightwave, BANKS (2) Mcorp, Cie B'cre, ELECTRICALS (1) DDT Grp, TRUSTS (1) Scot National Cap, OILS (1) Total-Cie Fr Pet.

Traditional Options

- First dealings Oct 5
- Last dealings Oct 16
- Last declarations Jan 7
- For Settlement Jan 18

For rate indications see end of London Share Service

Stocks dealt in for the call included Ossory Estates, Eagle Trust, Dares Estates, Elswick, Blue Arrow, Tarmac, Pleasurama, Control Securities, Tranwood, Wheway, Northern Foods, Underwoods, Tootal, Barratt Developments, Greenwich Resources, T. Marshall Loxley and Noble and Lund. A put was arranged in Control Securities, while double options were transacted in Knobs and Knockers, Pleasurama, Metal Box, Barratt Developments, Greenwich Resources and Noble and Lund.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing price	Day's change
[illegible]			
Grand Met	1,500	581	−9
GUS "A"	1,200	£13¾	−0⅛
Guardian R.E.	401	£10⅝	−0⅛
GKN	807	412	−4
Guinness	2,800	369	—
Hammerson	196	665	−18
Hanson Trust	3,100	178	−1
Hawker Sidd	899	153	−4
Hillsdown Hldgs	1,500	352	+3
ICI	1,200	£15$\frac{11}{16}$	−0$\frac{5}{16}$
[illegible]			
Thorn EMI	4,500	[illegible]	[illegible]
Trafalgar House	4,500	[illegible]	[illegible]
T'house Forte	12,009	[illegible]	[illegible]
Ultramar	2,300	[illegible]	[illegible]
Unilever	1,300	[illegible]	[illegible]
United Biscuits	3,000	[illegible]	[illegible]
Wellcome	2,300	[illegible]	[illegible]
Whitbread "A"	280	[illegible]	[illegible]
Woolworth	2,000	[illegible]	[illegible]

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	16	92	4
Corporations, Dominion and Foreign Bonds	2	21	32
Industrials	419	488	[illegible]
Financial and Properties	114	212	301
Oils	13	49	[illegible]
Plantations	1	4	9
Mines	20	81	[illegible]
Others	109	82	[illegible]
Totals	694	1,029	1,229

FT-ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

		Wednesday October 14 1987 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at 27%)	Est. P/E Ratio (Net)	xd adj. 1987 to date	Tue Oct 13 Index No.	Mon Oct 12 Index No.	Fri Oct 9 Index No.	Year ago (approx) Index No.
1–69	[illegible]										
70	Other Financial (27)	602.05	−0.2	5.80	2.63	22.04	10.24	603.39	602.54	600.58	345.63
71	Investment Trusts (89)	1198.45	−0.1	—	2.05	—	14.44	1199.99	1192.95	1201.19	795.41
81	Mining Finance (2)	682.31	−1.4	6.66	2.56	16.90	10.41	691.99	691.99	698.39	334.44
91	Overseas Traders (10)	1345.34	−1.4	7.00	3.62	16.89	29.58	1364.12	1356.87	1361.84	698.49
99	ALL-SHARE INDEX (719)	1199.58	−0.9	—	3.05	—	22.01	1210.87	1205.17	1216.26	794.45

	Index No.	Day's Change	Day's High	Day's Low	Oct 13	Oct 12	Oct 9	Oct 8	Oct 7	Year ago
FT-SE 100 SHARE INDEX ‡	2322.9	−27.3	2352.6	2322.7	2350.2	2338.5	2366.5	2375.5	2359.8	1607.5

FIXED INTEREST

	PRICE INDICES	Wed Oct 14	Day's change %	Tue Oct 13	xd adj. today	xd adj. 1987 to date
	British Government					
1	5 years	120.15	−0.10	120.26	—	9.43
2	5-15 years	133.62	−0.32	134.38	0.33	11.47
3	Over 15 years	140.79	−0.46	141.44	—	11.14
4	Irredeemables	156.50	−0.13	156.70	—	8.81
5	All stocks	131.35	−0.27	131.86	0.16	10.79
	Index-Linked					
6	5 years	119.84	+0.16	119.65	—	2.18
7	Over 5 years	107.73	+0.34	107.65	0.29	2.89
8	All stocks	108.57	+0.32	108.49	0.27	2.82
9	Debentures & Loans	114.46	−0.02	114.48	—	8.07
10	Preference	82.88	−0.27	83.10	—	4.95

	AVERAGE GROSS REDEMPTION YIELDS		Wed Oct 14	Tue Oct 13	Year ago (approx.)
	British Government				
1	Low	5 years	9.63	9.57	9.75
2	Coupons	15 years	9.92	9.86	10.33
3		25 years	9.76	9.70	10.33
4	Medium	5 years	10.33	10.27	11.20
5	Coupons	15 years	10.17	10.11	10.71
6		25 years	9.94	9.90	10.33
7	High	5 years	10.40	10.33	11.28
8	Coupons	15 years	10.34	10.28	10.91
9		25 years	10.00	9.95	10.45
10	Irredeemables†		9.95	9.93	10.18
	Index-Linked				
11	Inflation rate 5%	5yrs.	3.63	3.68	4.27
12	Inflation rate 5%	Over 5 yrs.	4.34	4.36	3.75
13	Inflation rate 10%	5 yrs.	3.72	3.76	2.98
14	Inflation rate 10%	Over 5 yrs.	4.36	4.38	3.60
15	Debs &	5 years	11.83	11.83	11.85
16	Loans	15 years	11.54	11.54	11.58
17		25 years	11.33	11.33	11.58
18	Preference†		10.99	10.96	11.42

‡ Opening index 2352.6; 10 am 2350.5; 11 am 2338.9; Noon 2342.0; 1 pm 2342.4; 2 pm 2337.2; 3 pm 2329.2; 3.30 pm 2325.6; 4 pm 2323.2

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 32p.

LONDON TRADED OPTIONS

[illegible]

October 14. Total Contracts 57,667. Calls 36,204. Puts 21,463. FT-SE Index Calls 1,871. Puts 2,489 *Underlying security price.

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price	+ or −	Net. Div.
§130	F.P.	20/11	170	153	Alba 10p	153	−2	L3.8
221	F.P.	—	265	221	Alexander (W)	261	−2	4.25
175	F.P.	6/11	240	215	Anglo Leasing 10p	235	......	L2.5
[illegible]								

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

WORLD STOCK MARKETS

AUSTRIA
[illegible]

BELGIUM/LUXEMBOURG
[illegible]

DENMARK
[illegible]

FINLAND
[illegible]

FRANCE
[illegible]

GERMANY
[illegible]

ITALY
[illegible]

NETHERLANDS
[illegible]

NORWAY
[illegible]

SPAIN
[illegible]

SWEDEN
[illegible]

SWITZERLAND
[illegible]

AUSTRALIA
[illegible]

AUSTRALIA (Continued)
[illegible]

HONG KONG
[illegible]

JAPAN
[illegible]

JAPAN (Continued)
[illegible]

SINGAPORE
[illegible]

SOUTH AFRICA
[illegible]

CANADA

TORONTO
Closing prices October 14

[illegible]

MONTREAL
Closing prices October 14

[illegible]

Indices

NEW YORK - DOW JONES
[illegible]

STANDARD AND POORS
[illegible]

N.Y.S.E. ALL COMMON
[illegible]

TORONTO	Oct 14	Oct 13	Oct 12	Oct 8	1987 High	1987 Low
Metals & Minls	3,375.9	3,375.6	(e)	3,388.4	3,587.5 (5/10/87)	1,908.2 (2/1/86)
Composite	3,719.5	3,759.9	(e)	3,781.3	4,112.9 (13/8)	3,057.8 (2/1/86)
MONTREAL Portfolio	1,831.38	1,856.71	(e)	1,861.86	2,224.77 (18/7/87)	1,534.3 (2/1/86)

* Indicates pre-close figure

NEW YORK ACTIVE STOCKS

Tuesday	Stocks traded	Closing price	Change on day
Glaxo Hldngs	3,955,300	24¼	+⅛
IBM	3,203,000	148¾	-⅛
House Ind	2,130,100	34¼	+1
Pac Light	2,093,400	59¾	+1½
ATT	2,073,600	33⅝	+1
West Elec	1,930,000	67¼	-2⅜
Gen Elec	1,836,100	59⅞	+⅞
Tenneco	1,603,300	59	+⅝
Amer Expr	1,526,600	36	+¼
Santa Fe	1,499,600	60⅞	-2⅝

LONDON – Most Active Stocks
Wednesday, October 14, 1987

	Stocks Traded	Closing Price	Change on Day
Mrks & Spncr	12.8m	251	+ 2
T'hse Forte	12.0m	291	+ 4
BP	8.8m	351	−11
Comm Union	7.8m	456½	− 3
Gen Elect	7.2m	238	− 2½
Ladbroke	7.8m	488	− 6
Brit Gas	6.8m	170	− 2½
Reuters	6.9m	785	−61
Fisons	6.2m	371	− 2
Cble & Wire	6.1m	498	+ 8

TOKYO – Most Active Stocks
Wednesday, October 14, 1987

	Stocks Traded	Closing Prices	Change on Day
Nippon Stl	115.42m	449	− 1
Nippon Kokan	187.57m	368	− 2
Toshiba	101.62m	840	+ 7
Kawasaki Stl	69.83m	345	− 3
Mitsubishi Heavy Ind.	63.68m	721	− 5
Kobe Stl	37.37m	325	+ 7
Fuji Elec	29.16m	638	+ 4
Hitachi Ltd.	27.24m	1,680	unch
Mitsubishi Elec	26.38m	708	+ 1
Sumitomo Metal	23.92m	328	− 4

LONDON Chief price changes
(in pence unless otherwise indicated)

RISES:		
Allebone	97	+ 9
Ash & Lcy	765	+35
Brit Fttgs	325	+15
Caffyns	630	+27
FKB Gr.	403	+15
Gee (C.)	136	+13
Goodhead Pr.	243	+20
KLP Gr.	505	+20
Low (W.)	806	+66
M & G Gr.	449	+18
Port. Chad	157	+12
Rly Useful	615	+22
Redfearn	595	+25
Rothmans	489	+18
Ruberoid	192	+13

FALLS:		
Centreway Tr.	148	−10
Harr. & Cros.	731	−19
Lnd Secs.	580	−23
Lgl & Gen.	369	−21
Mrsy Dck Units	395	−20
Mid. Bnk.	518	−35
Morg. Grenf.	569	−18
Reuters B	785	−51
Stylo	343	−28
Turriff	383	−15
Wellcome	480	−27

OVER-THE-COUNTER *Nasdaq national market, closing prices*

Continued from Page 41

[illegible]

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
38½	22	AAR s	.60	1.6	21	339	34⅞	34¼	34¼	−½
32½	17½	AFG s	.16	.5	10	641	30⅝	29⅜	29⅜	−1
27	9	AGS s			20	406	23¼	22⅛	22⅛	−1
10½	6¾	AMCA				35	9½	9⅜	9⅜	
9⅜	5⅛	AM Intl			64	1009	7⅛	7	7	
65½	50½	AMR			11	7028	53¼	50¾	51¼	−2⅛
12¼	8½	ARX s			10	182	10¾	10¼	10¼	−⅜
73½	34⅝	ASA	2a	3.2		522	62⅝	61⅝	62⅛	+⅞
22⅜	9¾	AVX			39	260	20	19¼	19¼	−⅝
67	41¼	AbtLab	1	1.8	21	5920	57½	55½	56⅛	−1⅝
28	23¼	Abitibi g				258	25½	25¼	25¼	−½
18¾	9¾	AcmeC .40		2.8	15	139	15⅝	14½	14½	−½
10½	8⅛	AcmeE .32b		3.5	57	3	9⅛	9⅛	9⅛	
23⅞	19	AdaEx 3.30e		15		192	21⅝	21⅛	21½	
19½	10	AdmMl s .24		1.9	10	50	13⅜	12¾	12¾	−½
35	13¼	AdvSys			22	621	33½	32⅞	33½	+⅛
24⅞	13⅛	AMD				4995	20⅝	20	20	−¾
56¾	47	AMD pf	3	5.8		422	51½	51	51½	
11⅞	5¼	Adobe				373	8¾	8½	8½	
20½	14¾	Adob pf 1.84		9.6		1	19⅛	19⅛	19⅛	+⅛
21⅞	17	Adob pf 2.40		12.		10	20¾	20½	20¾	+¼
15	10⅜	Advest .12a		1.1	8	97	11⅛	10⅜	10½	−¼
68¼	53	AetnLf 2.76		4.6	9	3534	61¼	60¾	60½	−1
80½	30⅛	AhlPb s .32		.5	19	642	65¼	61½	62¾	−2¾
26⅞	18⅝	AhmansB8		4.4	7	6477	20½	20	20	−¾
6⅜	2⅞	Aileen				76	3⅛	3⅛	3⅛	−⅛
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 41

NYSE COMPOSITE CLOSING PRICES

Continued from Page 40

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
26 7/8	15 5/8	PayCsh	.16	.9	14	971	17 5/8	17 1/8	17 3/8	−3/8
63 1/2	45 3/4	PenCen	.05	.1		1271	51 7/8	50 5/8	51 3/4	−1/8
65	35 3/4	Penney	1.48	2.8	15	10237	55	53 1/4	53 1/4	−2 3/4
41 1/8	33 1/2	PaPL	2.68	7.2	12	2314	37 7/8	36 5/8	37 1/4	+3/4
54	47 7/8	PaPL	pf4.50	9.5		z70	47 1/2	d47 1/4	47 1/4	−3/4
104	80 1/2	PaPL	pf8.60	11.		z350	82	81	81 1/2	−1/2
101	79	PaPL	pf8.40	11.		z1170	79 7/8	d78	79	−7/8
107	100 1/8	PaPL	pf9.24	9.2		z130	100 1/2	100 1/2	100 1/2	+1/4
96 1/4	76	PaPL	pr 8	10.		z1030	76 1/4	d74	76 1/4	−3/4
105	85	PaPL	pf8.70	10.		z280	85	d84	84	−1
68 7/8	47 1/4	Pennwlt	2.40	4.2	15	602	58 1/8	56 3/4	56 3/4	−1 1/4
39 1/2	28 1/2	Pennw	pr1.60	4.8		34	33 1/2	32 3/4	33 1/2	+1/4
95	62 1/4	Pennzoil	2.20	3.2	45	940	72	69 5/8	69 5/8	−2 3/8
26 3/4	18 3/8	PeopEn	1.44	7.6	11	1705	19 1/4	18 3/4	19 1/8	+1/8
18 1/8	13 1/8	PepBoy	s .08	.5	28	1184	16 1/8	15 1/4	15 1/2	−1/4
42 1/4	25 5/8	PepsiCo	.66	1.9	18	7838	37 1/4	36 1/4	36 1/4	−3/4
13 1/8	10 1/8	PerkF	1.15e	11.	23	56	10 5/8	d	9 5/8	10 1/4
41 1/8	25 1/8	PerkEl	.60	1.9		1654	33 1/8	31 7/8	32 1/8	−7/8
8 1/8	5 1/2	Prmian	.43e	6.5	11	416	6 5/8	6 1/2	6 5/8	−1/8
10 1/4	6 5/8	PrLP	pr1.15	13.		333	8 3/4	8 1/2	8 3/4	+1/8
15 3/8	9 1/2	PeryDr	.22	2.1		115	10 3/4	10 1/2	10 1/2	−1/4
40	26 1/4	Petrie	.70	2.2	21	1853	33 5/8	31 1/2	32 5/8	+1/2
21 1/4	17 1/2	PtPar	n 2	10.		295	20	19 3/4	20	
33 1/2	28 5/8	PetRs	2.37e	8.0		52	29 5/8	29 1/4	29 5/8	+1/8
23	15 3/4	PetRs	pf1.57	9.7		25	16 5/8	16 1/4	16 1/4	−1/8
2 7/8	1	Ptrinv	.12e	8.0		20	1 5/8	1 1/2	1 1/2	
[illegible]										

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										
44 3/4	30 7/8	Salomn	.64	1.9	13	4286	34 3/4	34 1/8	34 1/8	−5/8
37 7/8	30 5/8	SDieGs	2.50	7.5	10	133	33 1/4	32 7/8	33	−1/8
9 3/4	7 1/2	SJuanB	.39r	4.2	23	987	9 1/4	9 1/8	9 1/4	
12 3/8	8 1/2	SJuanR	2e		12	68	11	11	11	+1/8
33 3/4	27 7/8	SAnRt	.04			263	30 1/2	30 1/4	30 1/2	
23	18 1/4	SFeEP	2.88	15.		139	20 1/2	19 5/8	19 3/4	−3/4
65	29 1/2	SFeSoP	1	1.8		12685	61 1/2	59 3/4	61	+1/4
49 1/2	31 1/2	SaraLee	1	2.5	17	3909	41	39 1/4	39 1/2	−1 1/2
22 1/2	15 1/4	SavEP	1	5.6	10	112	18 1/4	17 7/8	18	−1/2
14 1/4	12 1/4	SavE	pf1.28	10.		9	12 3/8	12 3/8	12 3/8	−1/4
3 3/8	1	Savin				803	1 1/8	1	1 1/8	
5 3/4	3 1/8	Savin	pf			5	4 1/4	4 1/8	4 1/8	−1/4
40	29 5/8	SCANA	2.32	7.1	10	640	32 7/8	32 5/8	32 5/8	−1/8

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										
64 5/8	51 1/8	TucsEP	3.60	6.2	12	616	58 1/4	57 3/4	58	+1/4
16	11 1/8	Tultex	s		9	1406	12	11 3/4	11 7/8	+1/8
23	14 3/8	TwinDs	.70	3.3	30	34	21 1/4	21 1/8	21 1/4	−1/8
28 5/8	16 1/2	TysoL	s .24	1.0	30	643	25 1/2	24 3/4	24 7/8	−7/8
15 3/4	11 3/4	Tyler	.40	2.9	24	81	14 1/8	13 3/4	13 7/8	−7/8
		U U U								
27 1/8	15 1/2	UDC	2.20	13.	6	45	16 7/8	16 3/4	16 3/4	
32	25 1/2	UGI	2.04	7.4	10	56	27 3/4	27 5/8	27 5/8	−1/4
13 3/4	8 1/4	UNCInc	.01e	.1	15	1368	10	9 3/4	10	
31 3/4	20 3/4	UNUM	n .30e	1.3		2146	24 5/8	23 5/8	23 7/8	−5/8
25	14 1/2	URS	.96t	6.4	17	158	18 5/8	17 3/4	17 3/4	−1
48 3/4	36 1/2	USFG	2.48	6.4	8	4257	39 3/4	38 7/8	39	−3/4

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										
58 1/4	53 3/8	Xerox	pf5.45	10.		15	54 1/4	54	54 1/4	+1/4
31 1/2	21 7/8	XTRA	.64	2.3	22	103	28 1/2	27 1/2	27 1/2	−1 1/8
33 7/8	16 1/8	Yorkln			15	152	32 1/8	31 5/8	31 7/8	−1/4
7 1/4	2 1/4	Zapata				277	4 5/8	4 1/2	4 5/8	+1/8
37	20 3/4	Zayre	.40	1.3	11	6022	30 5/8	29 3/4	29 3/4	−1 1/4
16 7/8	11 1/8	Zemex	.40	2.6	10	15	15 1/2	15 1/2	15 1/2	−1/8
33 5/8	18 7/8	ZenithE			102	839	25 7/8	25 1/4	25 1/2	−5/8
13 1/2	6 1/4	ZenLab				1057	7	6 3/4	6 7/8	+1/4
25 1/2	18 3/4	ZenNtl	.80	4.0	12	585	20 1/2	19 7/8	20	−3/8
20 3/8	13	Zero	.36	2.0	18	59	18 5/8	18 1/4	18 1/4	−1/8
30 3/4	18 5/8	Zurnln	s .68	2.8	17	170	25 5/8	24 5/8	24 5/8	−1
10 5/8	8 3/4	Zweig	.65e	6.4		776	10 1/8	10	10 1/8	

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls - sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-divident or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE CLOSING PRICES

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
[illegible]							

OVER-THE-COUNTER

Nasdaq national market, closing prices

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]					

Continued on Page 39

FINANCIAL TIMES

WORLD STOCK MARKETS

AMERICA

Trade shortfall sends blue chips into steep dive

WALL STREET

HAMMERED by another big US trade deficit, Wall Street stock prices suffered a record fall yesterday and bond yields soared over 10 per cent for the first time in two years, *writes Roderick Oram in New York.*

The $15.65bn deficit, a record in seasonally adjusted terms, was more than $1bn worse than expected. It triggered a sharp sell off of the dollar and bonds as investors concluded that the Federal Reserve Board would have to increase its discount rate soon.

Stocks crumbled under these pressures, sending the Dow Jones industrial average skidding down 95.46 points to close at 2,412.70. It beat the previous record drop in points terms of 91.55 set last week.

Yesterday's fall of 3.8 per cent took the market's correction from its August 25 peak to 11.4 per cent, the largest retrenchment since early 1984 when the Dow was in the middle of a 15 per cent drop. The decline was almost as severe in the Standard & Poor's 500, off 9.29 at 305.23, and the New York Stock Exchange composite index, down 4.76 at 171.26.

NYSE volume was heavy at 207m shares. Waves of selling linked to stock index futures and the lack of institutional investor action helped push the ratio of declining stocks to advancing stocks to a bearish six-to-one.

Among the Dow industrials, IBM dropped $4½ to $144¼, Merck plunged $7¼ to $191¼, AT&T gave up $1⅜ to $32½, American Express lost $1⅝ to $34¼, Exxon fell $2 to $47⅝, General Electric lost $3 to $56⅞ and McDonald's was off $⅝ to $47⅝.

Even many companies reporting higher third quarter earnings were swept along in the markets' decline. CBS fell $7¼ to $211 despite a big jump in earnings from continuing operations. The board of the television and entertainment group is due to decide soon whether to spin-off its record division.

Lukens, a steelmaker, fell $5¼ to $43¾ after its tripled earnings fell short of forecasts. Among other companies with higher earnings, Motorola fell $1⅝ to $65⅝, Pepsico lost $1¼ to $37, Georgia Pacific added $⅝ to $42¼, Transamerica was down $⅝ to $40⅝, Hospital Corp. of America gave up $1⅝ to $41⅜ and Eli Lilly lost $4½ to $89.

Colgate-Palmolive, up $⅛ to $47½, said it would take a charge of $150m in the third quarter for restructuring. International Paper fell $1⅞ to $48⅞

Detroit's car makers were weak amid signs that they will turn in substantially lower operating profits for the third quarter. General Motors fell $2⅝ to $72¾, Ford Motor lost $4¾ to $91 and Chrysler gave up $2¼ to $35½.

In the credit markets, bond prices fell about 1½ points shortly after the trade deficit news, held firm at the lower level, but fell further during the afternoon under pressure from the futures market. The 8.75 per cent benchmark Treasury long bond finished down 2⁵⁄₃₂ at 88¹⁄₁₆ yielding 10.14 per cent.

Pressure is building up for the Federal Reserve Board to increase its discount rate from the present 6 per cent. It might act within the next day or two although some Fed watchers are suggesting it might wait until after the November 3 meeting of the Fed's policy making open market committee.

Mr Allen Sinai, chief economist of Shearson Lehman Brothers, forecasts a second discount rate increase early next year. "Following these increases, some stability and improvement in interest rates could occur if the economy is weaker and inflation settles lower."

Wall Street had been expecting a trade deficit of around $14.5bn but the actual shortfall of $15.65bn was the highest ever on a seasonally adjusted basis.

CANADA

FALLING golds, energy and industrial issues conspired to pull Toronto share prices lower in busy dealing.

Consolidated Bathurst class A was the most active industrial, dropping C$½ to C$21¼. Among golds, Lac Minerals fell a further C$¼ to C$15¼ and International Corona declined C$1⅜ to C$80⅝. Placer Dome dropped C$⅝ to C$23½.

Imasco gave up C$⅜ to C$30⅜. It said it is deferring a planned offering of part of its interest in CT Financial Services, the new parent company of Canada Trustco Mortgage.

Blue chips were mixed, with Bell Canada Enterprises firming C$¼ to C$37¼, Canadian Pacific advancing C$⅛ to C$27⅜ and Seagram dropping C$1¼ to C$93½. Montreal was lower and Vancouver fell sharply.

SOUTH AFRICA

GOLD SHARES edged slightly higher in Johannesburg in response to a modest rise in bullion prices.

Among the sector leaders, however, Vaal Reefs dropped R2 to R442 and Randfontein gave up R4 to R435. Driefontein rose R1 to R93.75 and Southvaal R2.50 to R206.50.

Platinum shares ease, with Impala 25 cents down at R55.50 and Lydenburg 50 cents weaker at R56.75. Rustenburg Platinum fell R1.25 to R59.25. Diamond stock De Beers held at R57.50.

In mixed industrials, Barlow Rand firmed 10 cents to R28.60. Mining financials were steady.

Sara Webb looks at a warm response to strong corporate results

Stockholm sees light through trees

THE STOCKHOLM bourse has been jittery of late, with higher interest rates and Wall Street's fall last week ensuring an air of nervousness after months of steadily rising indices and fresh records.

Analysts do not believe that the market is in for a crash, though. The economic picture still looks good, the interim results out so far have been good, and there is plenty of surplus cash to strengthen the market.

On Wednesday, the Veckans Affaerer total index moved up again to compensate for Monday's sharp decline and closed at 1,227.7. The market appeared to regain some of its confidence and the index has now risen 36.2 per cent since the start of the year.

The forestry sector in particular has performed well. The Veckans Affaerer Forestry sector index rose by 2.6 per cent to 2,046.2 as one forestry company after another has shown strong interim results.

THE ASSOCIATION of German Bourses prefers self-regulation to the creation of any kind of supervisory body to deal with insider trading in West Germany, according to Mr Ruediger von Rosen, its chief executive, Reuters reports from Frankfurt. A combination of securities legislation, stock exchange legislation and self-regulation assured a maximum of investor protection in West Germany, he said.

MoDo, the pulp and paper group, told analysts that it expects the recovery in pulp prices to continue well into next year and can see no halt to the demand for pulp for some time.

Last week, MoDo took a decisive step towards gaining control of its domestic rival Holmen in an attempt to create a 'third force' in the forestry sector.

MoDo's unrestricted shares moved from SKr540 to SKr575 yesterday after the company reported a strong rise in profits. SCA was actively traded on Wednesday before its results came out, and moved up from SKr383 to SKr393, while Stora moved from SKr490 to SKr505.

Interim results so far have generally been better than expected, though there is a certain amount of pessimism in the air over Saab-Scania's figures, which are due out on Friday.

The brokers' main complaint is that investors are acting more cautiously and that the market is thin. Earlier speculation that investors might have disappeared for a spot of elk-hunting (the season has just begun) was dismissed by brokers who feel that bargain-hunting has taken priority.

The banks' savings funds and the wage-earner funds have drawn in plenty of money, but managers are showing some hesitation before placing it in the market.

Pulp prices, Page 29

EUROPE

Amsterdam, Frankfurt hit by transatlantic gloom

THE DISAPPOINTING US trade deficit for August sent major markets reeling in Europe yesterday. Blue chips were hardest hit by the data and by the weaker dollar while a rise in the Bundesbank's repurchase agreements aggravated worries over interest-rate increases.

Frankfurt lost its early gains after the Bundesbank announced a 0.10 percentage point increase to 3.85 per cent on its one-month security repurchase agreement. This was compounded by a worse-than-expected US trade deficit for August released as the bourse was closing, prompting a last-minute sell-off.

The Commerzbank index, calculated at midsession, rose 9.7 to 1,946.9 and did not reflect the afternoon downturn.

Uncertainty about details of the new 10 per cent withholding tax continued to deter both domestic and foreign investors, keeping turnover low.

Banks remained the weakest sector. Commerzbank dropped DM3 to DM290, Deutsche lost DM2.50 to DM665 and Dresdner shed DM2.80 to DM347.

Public authority bonds rose in moderate trading as traders began a programme of short-covering. The Bundesbank sold DM76.4m of paper after selling DM110.1m on Tuesday.

Amsterdam tumbled in reaction to steep declines in early Wall Street trading and the dollar's weakness on news of gloomy US trade figures.

The release of the figures pushed the dollar lower and sent stock prices into decline. The ANP-CBS general index, computed at mid-session, eased 0.8 to 301.9 but did not reflect late declines.

Dutch internationals all ended lower. Akzo dropped Fl 2.60 to Fl 168.30, Royal Dutch lost Fl 3 to Fl 257.80 and Unilever fell Fl 3.40 to Fl 130.00.

News of Fokker's major financial and organisational difficulties and problems with the production of its F-100 and F-50 aircraft provoked heavy selling when the share resumed trading.

Zurich inched higher in active trading as the Credit Suisse index rose 3.2 to 638.4.

Industrials were led by the shares of engineering companies. Sulzer rose SFr125 to SFr6,850 and Brown Boveri advanced SFr70 to SFr3,200. Chemical company Sandoz added SFr250 to SFr15,800.

Swissair was up SFr15 at SFr1,425.

Most financials and holding companies posted moderate rises.

Paris fell sharply as disappointing US trade deficit figures for August and higher West German interest rates triggered a broad sell-off. The CAC index, computed early in the session, lost 1.4 to 387.4 and did not reflect the late downslide.

Blue chip industrials fell on concern that high interest rates could cause a slowdown in demand.

Brussels rallied after several days of losses. Traders took heart from Tuesday's rise on Wall Street and the Brussels stock index rose 34.26 to 4,972.96 in moderate trade.

Oslo was mixed to lower with no fresh impetus to lift the market. The all-share index fell 1.02 to 433.21 on low turnover.

Milan ended moderately lower after a day of active trading as investors squared their positions at the end of the October trading cycle.

Madrid was hit by a wave of profit-taking which pervaded most sectors and took prices broadly lower. The all-share index lost 5.06 to 316.13.

LONDON

THE FIRMER opening in UK equities was already turning easier when the US trade deficit announcement put prices on the slide.

The FT-SE 100 index closed down 27.3 at 2322.9, the lowest point of the session as the Dow Jones industrial average slumped in early trading. At 1,834.7, the FT Ordinary index lost 9.4.

Government bonds were steadying in late dealings as Federal bond futures moved above their lows in Chicago, and closed with net losses of ½ to ¾. Details, Page 38.

ASIA

Second successive record as consumer issues star

TOKYO

THE OVERNIGHT rebound on Wall Street and active buying in demand-related stocks took share prices to a second successive record in Tokyo yesterday, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei stock average of 225 select issues gained 245.80 to 26,646.43. Trading was active at 1,401.81m shares compared with Tuesday's 1,336.73m. Gains outnumbered declines by 557 to 379, with 120 issues unchanged.

Large-capital stocks, which performed strongly in recent sessions, eased towards the close as power and gas utilities, and other domestic, demand-related stocks came into the spotlight.

Tokyo Electric Power surged Y380 to Y8,880, Tokyo Gas added Y90 to Y1,100, Mitsubishi Estate rose Y40 to Y2,720 and Seibu Railway gained Y30 to Y4,440.

Nippon Steel continued to top the active list with 115.42m shares changing hands. It gained Y5 in early trading but later succumbed to profit-taking and closed Y1 lower at Y448.

Nippon Kokan, the second-busiest issue with 107.56m shares traded, fell Y2 to Y360, while Kawasaki Steel and Mitsubishi Heavy Industries ended Y3 and Y5 lower at Y346 and Y721, respectively.

Among heavy electricals, Toshiba, third most active with 101.62m shares, advanced Y19 to Y852 at one stage, but finished only Y7 higher at Y840. Mitsubishi Electric rose Y1 to Y700 and Hitachi ended at Y1,560, unchanged from the previous day.

High-technology stocks got off to a strong start but lost early gains towards the close. Fujitsu ended Y10 higher at Y1,550 after gaining Y60 earlier in the session.

Printing and ink issues were sought, with Dainippon Printing adding Y140 to Y2,530.

The Tokyo Stock Exchange, concerned about overheated stock trading, lowered the assessment rate of securities acceptable as collateral for margin trading from the present 70 per cent to 60 per cent, commencing with Thursday's trading.

Bond prices moved erratically. In early trading, the benchmark 5.1 per cent Government bond, maturing in June 1996, rose sharply on dealer buying, with its yield falling to 5.790 per cent from 5.990 per cent at Tuesday's close. A bond-buying operation by the Bank of Japan also fuelled buying.

Later, selling increased at a gradual pace after BOJ Governor Satoshi Sumita's reported remark that the Central Bank would manage monetary policy for the time being, with a close tab being kept on price trends.

As a result, the yield on the benchmark issue rose, ending the day's trading at 5.935 per cent. In inter-dealer trading, the yield advanced further, reaching 5.960 per cent.

HONG KONG

AFTER A volatile session in which prices lurched from early gains to heavier losses, Hong Kong prices steadied on late buying to close slightly higher. The Hang Seng index finished 3.20 up at 3,844.48.

An opening 30-point rise on the index turned to a loss below the 3,800 level apparently on rumours that Promet Petroleum had financial troubles.

Promet dived 9 cents to 40 cents before it was suspended and the group later issued a statement saying it was debt-free. However, some dealers attributed the sharp fall to a sell-off by London institutions.

Hongkong Land was active, adding 10 cents to HK$10 following recent softness. Jardine Matheson, which controls the group, also firmed 20 cents to HK$22.70.

Some properties recovered recent falls, with Sun Hung Kai adding 10 cents to HK$19.30 and New World Development 50 cents to HK$14.90. Cheung Kong, though, trailed 20 cents to HK$12.30.

Commercials and industrials were generally weaker, banking and utility shares slightly stronger.

AUSTRALIA

PICKING UP bullish signals from London and New York, Sydney share prices rallied from their recent slide, although gains were capped before the close by rising domestic money rates and a falling Australian dollar. The All Ordinaries index closed up 17.6 at 2,184.9.

Quality industrials fared best, with TNT adding 30 cents to A$6.54 and Brambles Industries up 50 cents to A$11. In properties, Lend Lease pulled back 30 cents to A$17 and Hooker gained 20 cents to A$4.85. News Corp was 50 cents up at A$22.80 and Fairfax 10 cents at A$8.50.

Golds fell back, though, on a softer bullion price, with Poseidon 18 cents off at A$6.02 and Metana down 20 cents at A$13.60. Delta Mines, however, jumped 25 cents to A$1.05 on news it had been granted platinum rights in Zimbabwe.

In other resources, BHP moved on 10 cents to A$10.40, but Bell Resources lost 2 more cents to A$5.18. CSR recovered 12 cents to A$4.60. Banking stocks were slightly higher.

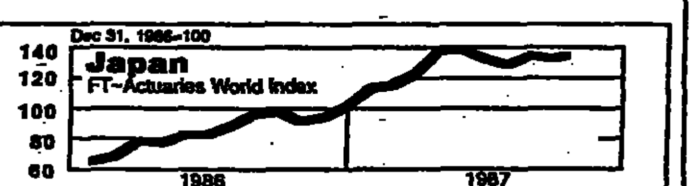
SINGAPORE

PATCHY SELLING in a thin market still lacking direction left Singapore share prices gently lower, although some bargain-hunting brought quality stocks off their lows. The Straits Times industrial index fell 4.15 to 1,430.78.

City Development led the actives with 684,000 shares traded and closed up 5 cents at S$5.35. Tan Chong Motors was also busy and added 1 cent to 92.5. Malaysian Mining fell back 2 cents to S$3.14.

Some blue chips fell to profit-taking on recent modest gains, with Fraser and Neave down 30 cents at S$12.70 and DBS off 10 cents at S$17.10. Genting gave up 15 cents to S$7.10, partly on news that the group is out of the running for an Australian casino contract.

KEY MARKET MONITORS



STOCK MARKET INDICES

	Oct 14	Prev	Year ago
NEW YORK			
DJ Industrials	2,412.70	2,508.16	1,800.20
DJ Transport	1,011.59	1,033.46	827.63
DJ Utilities	198.49	200.57	198.30
S&P Comp.	307.90*	314.52	235.57
LONDON FT			
Ord	1,834.70	1,847.40	1,276.40
SE 100	2,322.90	2,350.20	1,582.50
A All-share	1,199.58	1,210.87	794.45
A 500	1,308.65	1,319.10	869.96
Gold mines	438.20	447.80	309.90
A Long gilt	10.00	9.95	10.41
World Act. Ind (Oct 13)	136.85	136.69	96.49
TOKYO			
Nikkei	26,646.43	26,400.63	17,318.00
Tokyo SE	2,181.47	2,161.99	1,458.56
AUSTRALIA			
All Ord.	2,305.9	2,167.3	1,350.5
Metals & Mins.	1,482.4	1,325.1	719.2
AUSTRIA			
Credit Aktien	225.95	225.69	229.36
BELGIAN SE			
SE	4,972.90	4,938.70	3,776.41
CANADA			
Toronto			
Met.& Mins.	3,375.9	3,379.0	2,120.0
Composite	3,719.5	3,759.0	3,018.10
Montreal			
Portfolio	1,831.30	1,856.71	1,524.64
DENMARK SE			
SE	212.30	–	194.04
FRANCE			
CAC Gen	387.40	398.50	368.10
Ind. Tendance	99.00	101.20	93.57
WEST GERMANY			
FAZ-Aktien	633.52	631.39	696.84
Commerzbank	1,946.90	1,937.20	1,996.8
HONG KONG Hang Seng	3,844.48	3,841.28	2,249.22
ITALY Banca Comm.	658.86	661.71	754.78
NETHERLANDS ANP CBS			
Gen	301.90	302.70	274.20
Ind	(–)	253.70	275.80
NORWAY Oslo SE	575.16	575.85	374.99
SINGAPORE Straits Times	1,430.70	1,434.90	882.82
SOUTH AFRICA JSE			
Golds	–	2,278.00	1,981.00
Industrials	–	2,254.00	1,372.00
SPAIN Madrid SE	316.13	321.19	199.12
SWEDEN J & P	3,242.00	(na)	2,513.44
SWITZERLAND Swiss Bank Ind	722.10	717.00	581.70

COMMODITIES (London)

	Oct 14	Prev
Silver (spot fixing)	468.05p	470.25p
Copper (cash)	£1,212.00	£1,200.00
Coffee (Jan)	£1,381.00	£1,369.00
Oil (Brent Blend) (Nov)	$18.755	$18.55

GOLD ($/oz)

	Oct 14	Prev
London	$460.50	$458.75
Zürich	$460.45	$459.65
Paris (fixing)	$461.41	$459.41
Luxembourg	$459.35	$460.00
New York (Dec)	$465.80	$464.70

CURRENCIES (London)

	US DOLLAR Oct 14	US DOLLAR Previous	STERLING Oct 14	STERLING Previous
$	–	–	1.6535	1.6470
DM	1.8120	1.8210	2.995	3.00
Yen	142.65	143.70	235.75	236.5
FFr	6.035	6.065	9.98	9.99
SFr	1.5020	1.5090	2.4825	2.485
Fl	2.0380	2.0480	3.37	3.3725
Lira	1,308.5	1,314	2,160	2,164
BFr	37.70	37.85	62.35	62.35
C$	1.3060	1.3060	2.1595	2.1500

INTEREST RATES

	Oct 14	Prev
Euro-currencies (3-month offered rate)		
£	10⁵⁄₁₆	10⅜
SFr	4⁹⁄₁₆	4⅝
DM	4¾	4⅝
FFr	8¹¹⁄₁₆	8⅝
FT London Interbank fixing (offered rate)		
3-month US$	8⅝	7⅞
6-month US$	8¹⁵⁄₁₆	9
US Fed Funds	7¹³⁄₁₆*	7⅝
US3-month CDs	8.45*	8.725
US3-month T-bills	7.235*	6.97

FINANCIAL FUTURES

Oct 13	Latest	High	Low	Prev
CHICAGO				
US Treasury Bonds (CBT) 8% 32nds of 100%				
Dec	79-29	80-19	78-20	80-16
US Treasury Bills (IMM) $1m points of 100%				
Dec	92.16	92.44	92.12	92.41
Certificates of Deposit (IMM) $1m points of 100%				
Dec	—	—	—	—
LONDON				
Three-month Eurodollar $1m points of 100%				
Dec	90.73	90.95	90.69	90.92
20-year National Gilt £50,000 32nds of 100%				
Dec	113-27	114-22	113-26	114-18

US BONDS

Treasury

	October 14 Price	October 14 Yield	Prev Price	Prev Yield
8½ 1989	98²⁹⁄₃₂	9.118	99⅛₃₂	8.922
9½ 1994	97¹¹⁄₃₂	9.96	98¹⁹⁄₃₂	9.763
8½ 1997	90²⁵⁄₃₂	10.118	92⅜₂	9.906
8⅞ 2017	88²⁵⁄₃₂	10.099	.90	9.923

Source: Harris Trust Savings Bank

Treasury Index

Maturity (years)	October 14 Return Index	Day's change	Yield	Day's change
1–30	163.17	+0.23	6.93	–0.03
1–10	154.63	+0.12	6.66	–0.03
1–3	144.03	+0.07	6.37	–0.03
3–5	157.57	+0.17	6.71	–0.03
15-30	193.58	+0.59	7.76	–0.03

Source: Merrill Lynch

Corporate

	October 14 Price	October 14 Yield	Prev Price	Prev Yield
AT&T 3⅞ July 1990	90.50	7.85	90.50	7.85
SCBT South Central 10⅞ Jan 1993	101.00	10.63	101.00	10.62
Philbro Sal 8 April 1996	83.72	11.00	84.125	10.90
TRW 8⅞ March 1996	88.625	10.85	89.12	10.75
Arco 9⅞ March 2016	89.50	11.10	90.25	11.00
General Motors 8⅝ April 2016	74.30	11.10	75.00	11.00
Citicorp 9⅜ March 2016	81.50	11.60	82.25	11.50

Source: Salomon Brothers

* Latest available figures